

FBIS**DAILY REPORT
CONTENTS****China**

Vol I No 124

26 June 1984

PRC INTERNATIONAL AFFAIRS

GENERAL

U.S.-USSR 'Wrangling' Cannot Cover Up Arms Race	A 1
'Bloc Politics' Seen at London, CEMA Summits	A 2
[RENMIN RIBAO 22 Jun]	
Wu Xueqian Hosts 'Group of 77' Chairman	A 2

NORTHEAST ASIA

Pyongyang Meeting Urges U.S. Pullout From S. Korea	D 1
PRC Civil Aviation Group Ends Visit to DPRK	D 1
Wang Zhen Attends Reception for Japanese Guests	D 1
Japanese Official Cited on Improving Relations	D 2

SOUTHEAST ASIA & PACIFIC

Burmese Deputy Prime Minister Visits Guangzhou	E 1
Son Sann Issues Declaration on Kampuchea	E 1
Third ASEAN Trade Fair To Be Held in Bangkok	E 2

SOUTH ASIA

Sri Lankan Minister Hosts Banquet in Beijing	F 1
Indian Official Plans SRV Visit 28 Jun	F 1

WESTERN EUROPE

Wan Li Meets Netherlands Electronics Delegation	G 1
European Parliament's Dankert Reviews PRC Visit	G 1
EEC Accord Outlined [AFP]	G 1
Departs for Holland 25 Jun	G 2
Prospects for Development of EEC Ties Eyed	G 2
[JINGJI RIBAO 8 Jun]	
Wang Renzhong Meets Italian Parliamentary Group	G 4

EASTERN EUROPE

Chen Muhua Signs Cooperation Agreement in Budapest	H 1
Yao Yilin Meets Romanian Commerce Minister	H 1
Qian Qichen Meets Bulgarian Foreign Minister	H 1

PRC NATIONAL AFFAIRS

Typhoon Hits Dianbai Area in Guangdong Province	K 1
Gao Yangwen on Rectification in Coal Industry	K 1
RENMIN RIBAO on Gansu Circulation Problems [19 Jun]	K 5
Editorial Urges Building Civilized Units [RENMIN RIBAO 19 Jun]	K 6
RENMIN RIBAO Views Role of Popular Literature [18 Jun]	K 8
Scientist Examines Nuclear Power Industry [BEIJING REVIEW No 25, 18 Jun]	K 10
Commentator on Self-Employed Specialized Households [RENMIN RIBAO 21 Jun]	K 14
Yuan Baohua on Implementing Reform Projects	K 16
RENMIN RIBAO Discusses Economic Reform [18 Jun]	K 17
Rural Industrial Output for 1983 Revealed	K 19
Increase in Number of Construction Workers Noted	K 19
Ni Zhifu, Hao Jianxiu Attend Reading Workshop	K 20
Wang Zhen, Gu Mu Visit Guangzhou Memorial Hall	K 20

PRC REGIONAL AFFAIRS

NORTHEAST REGION

Heilongjiang Approves Personnel Reform Document	S 1
Heilongjiang Reforms Supply, Marketing System	S 2
Jilin CPC Meeting Views Principles of Rectification	S 2
Liaoning Hosts Conference on Dalian Economic Zone	S 3
Liaoning's Guo Feng Stresses Reform at Meeting [RENMIN RIBAO 22 Jun]	S 4

HONG KONG MEDIA ON CHINA

Statement Issued on Umelco Members Beijing Trip [SOUTH CHINA MORNING POST 26 Jun]	W 1
Umelco Members 'Speaking Note' Released [SOUTH CHINA MORNING POST 26 Jun]	W 3
Paper Reports Reactions to Umelco Statement [SOUTH CHINA MORNING POST 26 Jun]	W 6
Editorial Views Umelco Members Beijing Trip [SOUTH CHINA MORNING POST 26 Jun]	W 7

U.S.-USSR 'WRANGLING' CANNOT COVER UP ARMS RACE

OW251954 Beijing XINHUA in English 1937 GMT 25 Jun 84

["News Analysis: Fierce Armament Race Behind Heated Wrangling"; by Wang Chongjie --
XINHUA headline]

[Text] Moscow, June 25 (XINHUA) -- The Soviet Union and the United States are engaged in a heated wrangling, accusing each other of not being sincere in stopping the armament race. Soviet President Konstantin Chernenko and U.S. President Ronald Reagan stand at the fore of the altercation. Both Moscow and Washington allege that they are not opposed to talks but they each put forth prerequisites for entering into a new round of talks.

The United States has repeatedly stated that it is prepared to have talks on the control of nuclear arms at any time and at any place and it calls on the Soviet Union to come back to the negotiation table. Of late, President Reagan said time and again that he would like to meet President Chernenko at any time in the hope of establishing more realistic working ties between the United States and the Soviet Union.

On the other side, Chernenko in a statement to the Soviet newspaper PRAVDA said that dialogue and negotiations are in the need but they should be sincere and the Soviet Union is ready to enter into talks.

However, both Moscow and Washington are trying to shift onto the other side the responsibility for violating negotiations. Since the United States began to deploy Pershing and cruise missiles in Western Europe last year, it has repeated its demand for resuming talks with the Soviet Union on European missiles and strategic weapons. But Moscow alleges that the obstacles in the way of resuming talks are the U.S. medium-range missiles in Western Europe and the talks could be resumed only after the United States stops its deployment and moves the missiles away from Western Europe.

In recent days the Soviet Union took the initiative to propose talks with the United States for an agreement on the prohibition of militarization of the outer space. It charged the United States with the lack of willingness to discuss this important question. But the United States terms the Soviet initiative as an attempt to maintain its superiority over the United States because the Soviet Union has anti-satellite weapons while the United States has not yet developed such weapons.

There are also fierce arguments over other problems between the United States and the Soviet Union. But each of them tries to pretend to be sincere for talks and genuine armament reduction and terms the other side as a trick player.

But people can see an escalating armament race behind the wrangling between the two superpowers. They are producing more and more medium-range nuclear arms, strategic and conventional weapons. World peace and security are gravely threatened by their armament race. There are no indications yet that the United States and the Soviet Union intend to sit down soon to reach agreement on a genuine restriction and large-scale reduction of their armaments, particularly their nuclear arms.

The wrangling between Moscow and Washington will surely continue. But this cannot cover up their armament expansion or deceive the world opinion.

'BLOC POLITICS' SEEN AT LONDON, CEMA SUMMITS

HK221205 Beijing RENMIN RIBAO in Chinese 22 Jun 84 p 6

["World Affairs" column by Ti Fu: "The World Trends as Seen From the Two Meetings"]

[Text] The Western and Eastern blocs each held meetings in June -- the London summit of the seven Western nations, and the Moscow summit of the 10 member-states of the Council for Mutual Economic Assistance, both of which have become a focus of world attention. The two meetings, originally scheduled to discuss economic problems, were, however, turned into "meetings to reconcile differences of views," which "stressed reaching political unity rather than solving specific economic problems." This is a fact worth pondering.

Of course, the crucial matter is still the differences on economic problems. The issues that aroused acute debate at the summit of seven Western nations were the high interest rate and enormous deficits of the United States, the high exchange rate of the U.S. currency, the Third World's debt crisis, and the practice of protectionism. All the issues have seriously affected the economic recovery of the Western world, especially Western Europe. Meanwhile, the participants in the CEMA summit complained about energy supply and commodity price arrangements between member-states. However, both the superpowers that respectively headed these two blocs gave the runaround at their own summits. As a result, no differences of opinion were settled. However, in view of the confrontation between the two blocs, the participants in either summit could do nothing but close the meetings in a hurry by making a political statement to show the other side the unity within their own bloc.

Both meetings have exposed a common problem. They have reflected, to a certain extent, a trend in the world today -- the bloc politics that loomed on the world political arena in the cold war era have now declined. There are more and more facts showing that bloc politics are only beneficial to the superpower seeking world hegemony, while those medium and small countries have been drawn into either bloc can never get out of their unfavorable position, and their political and economic interests will be infringed upon. Over the past decades bloc politics have been pushing the world toward the brink of war instead of bringing the hope of peace. The peace-loving nations and people all over the world are becoming increasingly weary of this situation. The London summit, as well as the Moscow summit, have at least shown the fact that the superpowers are encountering more and more difficulties in their attempts to blatantly dominate their own blocs.

WU XUEQIAN HOSTS 'GROUP OF 77' CHAIRMAN

OW231930 Beijing XINHUA in English 1548 GMT 23 Jun 84

[Text] Beijing, June 23 (XINHUA) -- Chinese State Councillor and Foreign Minister Wu Xueqian today said that China resolutely supports the stand and just demands of the "Group of 77" for improving South-North relations.

Wu made the remark at a banquet he hosted for Porfirio Munoz Ledo, chairman of the New York-based Group of 77 and representative of Mexico to the United Nations, here this evening. Wu said in recent years the ties and cooperation between China and the Group of 77 have been gradually strengthened, and relations between China and Mexico constantly deepened.

Ledo said the South-North dialogue is at a standstill because of serious conflicts between the superpowers and the refusal of some developed countries' to cooperate wth the developing countries. He said the Group of 77 would continue its efforts to realize the global negotiations and to reform the international economic order.

I. 26 Jun 84

PRC INTERNATIONAL AFFAIRS
NORTHEAST ASIA

D 1

PYONGYANG MEETING URGES U.S. PULLOUT FROM S. KOREA

OW251947 Beijing XINHUA in English 1910 GMT 25 Jun 84

[Text] Pyongyang, June 25 (XINHUA) -- One hundred thousand people met here today to urge the United States to pull its troops out of South Korea and accept the tripartite talks proposal to pave the way for an independent and peaceful reunification of Korea.

Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea (WPK) and vice-president of the Democratic People's Republic of Korea, and other high-ranking Korean officials took part in the meeting.

Hwang Chang-yop, one of the secretaries of the WPK Central Committee, delivered a speech at the meeting. He urged the United States to immediately withdraw its forces and all their weapons from South Korea. He said that the national aspiration of the Korean people for the reunification of the country requires the founding of the Democratic Confederal Republic of Koryo as was proposed by President Kim Il-song.

He urged the United States and the South Korean authorities to accept as soon as possible the tripartite proposition so as to repel the danger of war in the Korean peninsula and prepare the way for an independent and peaceful reunification of the country. Hwang Chang-yop said that the Korean people enjoy support and encouragement from all progressive people in the world in the struggle to defend and consolidate peace in the Korean peninsula and to reunify the country in an independent and peaceful way.

PRC CIVIL AVIATION GROUP ENDS VISIT TO DPRK

OW251257 Beijing XINHUA in English 1222 GMT 25 Jun 84

[Text] Pyongyang, June 25 (XINHUA) -- The Chinese civil aviation friendship delegation, led by Shen Tu, director general of the Civil Aviation Administration of China, wound up its week-long visit to the Democratic People's Republic of Korea and returned home at noon today. During their stay in Korea, Shen Tu and his party were met by Kim Hwan, member of the Political Bureau of the Korean Workers' Party Central Committee and vice-premier of the Administration Council, and visited many places.

WANG ZHEN ATTENDS RECEPTION FOR JAPANESE GUESTS

OW251824 Beijing XINHUA in English 1603 GMT 25 Jun 84

[Text] Beijing, June 25 (XINHUA) -- The Chinese committee of the Council of Chinese and Japanese Non-Governmental Figures held a reception here this evening for a delegation of the Japanese committee attending the second meeting of the council.

The first meeting was held in October, 1982 in Tokyo.

Wang Zhen, chairman of the Chinese committee and leader of the Chinese delegation, said at the reception that the meeting was the outcome of a new stage of Sino-Japanese people-to-people friendship.

I. 26 Jun 84

D 2

PRC INTERNATIONAL AFFAIRS
NORTHEAST ASIA

Wang Zhen, also member of the Political Bureau of the Chinese Communist Party Central Committee, described the meeting as opening up a new channel for the promotion of cooperation and exchanges in all fields. Facts in the last two years, he said, had proved that the council had played an ever more positive and vital role in Sino-Japanese contacts.

Wang Zhen pointed out that people-to-people contacts had played a special and important role in the establishment and development of friendly relations and cooperation between China and Japan. He called on people in both countries to cherish the glorious tradition of friendship and promote the constant progress of Sino-Japanese relations. Wang Zhen said that Sino-Japanese friendship was the common cause of both peoples, a lofty goal which would be realized as long as both peoples could treat each other with whole hearted sincerity.

Masayoshi Ito, representative of the Japanese committee and former Japanese foreign minister, said that friendship between Japan and China was of great significance for peace in Asia and the world. During the second meeting, he said, both sides would have free and frank exchanges of views on the current situation and the future development of relations between their countries, so as to strengthen mutual understanding and friendship and promote the progress of bilateral relations. He wished the meeting success. At the reception, representatives of the two countries chatted cordially, and Chinese and Japanese songs were sung.

JAPANESE OFFICIAL CITED ON IMPROVING RELATIONS

OW230035 Beijing Domestic Service in Mandarin 0300 GMT 21 Jun 84

[Text] Takao Fujinami, Japanese chief Cabinet secretary, said yesterday that Japan will learn from China in the future, and further strengthen friendly intercourse and economic cooperation with China. He made these remarks at the meeting with the delegation of the China Association for International Understanding. He said General Secretary Hu Yaobang visited Japan last year, and Prime Minister Nakasone visited China early this year. The increased visits by the personnel of the two countries showed that the relations between the two countries are getting closer daily.

I. 26 Jun 84

P R C I N T E R N A T I O N A L A F F A I R S
SOUTHEAST ASIA & PACIFIC

E 1

BURMESE DEPUTY PRIME MINISTER VISITS GUANGZHOU

0W252100 Beijing XINHUA in English 1432 GMT 25 Jun 84

[Text] Guangzhou, June 25 (XINHUA) -- U Tun Tin, Burmese deputy prime minister and minister for planning and finance, and his party left here today by train for Shenzhen in the company of Lu Xuejian, vice-minister of foreign economic relations and trade. The Burmese guests will then leave for home via Hong Kong.

Guangdong Provincial Government gave a dinner for U Tun Tin and his party yesterday evening. Liang Lingguang, governor of Guangdong Province, and U Tun Tin toasted to the paukphaw (fraternal) friendship and the constant growth of the economic relations and trade between the two countries. Present on the occasion were Yang Li, vice-governor of Guangdong and Lu Xuejian, vice-minister of foreign economic relations and trade, and Burmese Ambassador to China U Ma Shwe.

The Burmese guests arrived in Guangzhou yesterday afternoon from Shanghai after visits to Yunnan, Beijing, Nanjing and Shanghai.

SON SANN ISSUES DECLARATION ON KAMPUCHEA

0W251938 Beijing XINHUA in English 1918 GMT 25 Jun 84

[Text] Bangkok, June 25 (XINHUA) -- Son Sann, prime minister of the Democratic Kampuchean Coalition Government, today described the recent "partial troop withdrawal" by Vietnam as a smokescreen for its yearly troop rotation, and predicted the failure of the Vietnamese deceptive tactics.

The declaration, distributed here today, was signed by Son Sann himself in Khmer territory on June 22 on the occasion of the second anniversary of the establishment of the second anniversary of the establishment of the Coalition Government of Democratic Kampuchea. On this very day two years ago, the "Declaration of the Formation of the Coalition Government of Democratic Kampuchea" was signed by leaders of the coalition Samdech Norodom Sihanouk, Son Sann and Khieu Samphan in Kuala Lumpur.

Cherishing conviction in the final victory over the Vietnamese occupation troops, the prime minister gave a brief account of the successes scored by the coalition in various fields in the past two years. "In the military field, our Armed Forces have been successfully hitting, harassing, cutting communication and supply lines of the enemy forces deeper and deeper into the interior of Kampuchea," he said. Against such a background, Son Sann added, the Vietnamese troops launched desperate dry season operations later than the previous years and failed once more to reach their objective and the Armed Forces of the coalition proved their capability.

As for the diplomatic field, Son Sann stated, the coalition government had dealt a stunning strategic defeat to the Vietnamese at the United Nations General Assembly last year. He looked optimistically forward to the result of the debates on the Kampuchean problem at the upcoming UN Assembly.

Commenting on the cohesion of the coalition, Son Sann solemnly declared: "The three participating parties to the DK Coalition Government continue to intensify their common efforts in unity to speed up the liberation of Kampuchea from the Vietnamese aggressors."

"With the ever-increasing strength of the Coalition Government of Democratic Kampuchea, it is futile for Vietnam to continue to remain in Cambodia because liberation of Cambodia is only a matter of time. For the peace, the prosperity and the happiness of the Vietnamese and Cambodian peoples, and for the peace and stability of the Southeast Asian region necessary for economic development of the two peoples, it [words indistinct] time for Vietnam to cease its senseless military adventures in a fruitless enterprise condemned worldwide. It is high time for Vietnam to come to the negotiating table to discuss peace with honor," Son Sann concluded in his declaration.

THIRD ASEAN TRADE FAIR TO BE HELD IN BANGKOK

OW260824 Beijing XINHUA in English 0803 GMT 26 Jun 84

[Text] Bangkok, June 26 (XINHUA) -- The third ASEAN trade fair is to be held here from October 16 to November 4 this year, a senior Thai commercial official announced Monday.

Deputy Director General of the Commercial Relations Department of Thailand Pipat Intarasuupt said that the fair, with 400,000 to 500,000 people expected to attend is aimed at promoting trade among the six ASEAN countries of Thailand, Malaysia, Singapore, the Philippines, Indonesia and Brunei and major trading partners such as Australia, the Middle East, Europe, and the United States. The fair will stress on such major items as garments, ready-made clothes, leather goods, precious stones, rubber goods, toys, furniture, earthenware, electrical goods and other new products such as bicycles and equipment, he added. He predicted that the orders to be placed by the ASEAN countries during the fair will be around 500 million baht (22 million U.S. dollars). "This will be the first time that Thailand will hold an ASEAN trade fair on this scale," he said. The previous two ASEAN fairs were held respectively in Manila, the Philippines, in May 1978, and in Singapore in October 1980.

I. 26 Jun 84

PRC INTERNATIONAL AFFAIRS
SOUTH ASIA

F 1

SRI LANKAN MINISTER HOSTS BANQUET IN BEIJING

OW232146 Beijing XINHUA in English 1445 GMT 23 Jun 84

[Text] Beijing, June 23 (XINHUA) -- Gamini Jayasuriya, minister of agricultural development and research and minister of food and cooperatives of Sri Lanka, and Mrs Jayasuriya gave a return banquet here this evening.

Chinese Minister of Commerce Liu Yi and Vice Minister of Agriculture, Animal Husbandry and Fisheries Xiang Chongyang attended at the invitation. Chinese Ambassador to Sri Lanka Gao E was also present.

Sri Lankan Ambassador to China Kandage Newton Samarasinghe was on hand, who will accompany the Sir Lankan minister on a tour of Hangzhou, Shanghai and Guangzhou tomorrow.

INDIAN OFFICIAL PLANS SRV VISIT 28 JUN

OW252144 Beijing XINHUA in English 1844 GMT 25 Jun 84

[Text] New Delhi, June 25 (XINHUA) -- Natwar Singh, secretary of the Indian External Affairs Ministry, will visit Vietnam on June 28 for talks on bilateral economic cooperation between the two countries and on the Kampuchean issue.

Singh, who is responsible for Eastern affairs in the ministry, will convey a message from Prime Minister Indira Gandhi to Vietnamese Prime Minister Pham Van Dong during his stay in Hanoi.

An agreement on a rs. 100 million (10 million dollars) credit from India will be signed during Singh's week-long visit. The credit will cover the purchase of engineering and electronic goods and also locomotives from India.

Singh is expected to exchange views with Vietnamese leaders on Kampuchea, based on his recent talks during a tour of three ASEAN countries, Malaysia, Singapore and Indonesia.

I. 26 Jun 84

PRC INTERNATIONAL AFFAIRS
WESTERN EUROPE

G 1

WAN LI MEETS NETHERLANDS ELECTRONICS DELEGATION

OW251239 Beijing XINHUA in English 1213 GMT 25 Jun 84

[Text] Beijing, June 25 (XINHUA) -- Chinese Vice-Premier Wan Li said here today there are broad prospects for Sino-Dutch cooperation in the electronics field since China wants to develop the electronics industry in a big way.

He said this at a meeting with G. Jeelof, vice executive president of Philips of the Netherlands, and his party. The guests arrived June 22 at the invitation of the Chinese Ministry of Electronics Industry.

Wan Li said Sino-Dutch relations experienced a setback over the Taiwan issue. But the question has been resolved thanks to the concerted efforts of the two governments, he added. He hoped for expansion of economic and technical cooperation and trade between the two countries.

Jeelof replied that he is very happy to see normalization of relations between the Netherlands and China. Trade prospects between the two countries are fine, he said.

China's policy of opening to the outside world offers many opportunities for foreign firms to cooperate with China, he said.

Chinese Minister of Electronics Industry Jiang Zemin and Dutch Ambassador to China A.G.O. Smitsendonk were present at the meeting.

EUROPEAN PARLIAMENT'S DANKERT REVIEWS PRC VISIT

EEC Accord Outlined

OW251756 Hong Kong AFP in English 1734 GMT 25 Jun 84

[Text] Beijing, June 25 (AFP) -- European Parliament President Pieter Dankert said here today he believes a visit to China by Soviet First Vice Premier Ivan Arkhipov, who postponed a trip due last May, is now "perhaps in preparation."

China is seen by Western diplomats as determined to normalise its relations with the Soviet Union, after a 2-year estrangement.

Mr Dankert, a Dutch Labour Party member, also told a press conference after talks here that a new EEC-China economic and commercial agreement now being negotiated could be ready later this month, with formal decisions soon after. He had talks here with President Li Xiannian, National People's Congress (parliament) President Peng Zhen and Assistant Foreign Minister Zhou Nan.

Chinese leaders did not go into detail about why Mr Arkhipov postponed his visit due last May, at the last minute, but he understood a new visit could be in preparation, Mr Dankert said.

A Western diplomatic source commented that a visit to Moscow by Chinese Vice Foreign Minister Qian Qichen, planned for around the end of this month, indicated China's determination to normalise relations with Moscow. The Chinese agreed the Soviets had to be given time to prepare their views, the diplomat added, and seemed to want to avoid dramatising the situation.

Mr Dankert said the EEC-China economic agreement under negotiation would replace a five-year accord signed in 1978, and would be more favorable to China than its predecessor.

I. 26 Jun 84

G 2

PRC INTERNATIONAL AFFAIRS
WESTERN EUROPE

Lasting 10 years, it would have an "evolving" character enabling it to adapt better to future change, and would also ensure better protection for foreign investments in China. Mr Dankert, who was leaving Beijing tonight after a five-day visit, said China was satisfied with the progress of negotiations with Britain over the British colony of Hong Kong, due to revert to Chinese sovereignty in 1997. China was insisting on an agreement by next September, and he had the feeling [word indistinct] parties regarded September as their aim.

Departs for Holland 25 Jun

OW251800 Beijing XINHUA in English 1558 GMT 25 Jun 84

[Text] Beijing, June 25 (XINHUA) -- Pieter Dankert, speaker of the European Parliament, and Mrs Dankert left here this evening for Holland at the end of their friendly visit to China.

They were seen off at the airport by Ye Fei, vice-chairman of the Standing Committee of the Chinese National People's Congress, and Liu Dongsheng, member of the NPC Standing Committee, as well as French Ambassador to China Charles Malo and Charge d'Affaires of the Embassy of the Federal Republic of Germany Wilfried Noelle.

Dankert told XINHUA before his departure that his visit to China had been very pleasant and of positive political significance.

Neither Europe nor China seeks hegemony, and both share a common concern to urge the two superpowers to end the arms race, especially the nuclear arms race. The EEC and China need each other in developing their economies. We have things in common here, he said. He said that China's policy of opening to the outside world was positive and that while bilateral trade had progressed in recent years, further efforts were needed.

PROSPECTS FOR DEVELOPMENT OF EEC TIES EYED

HK260620 Beijing JINGJI RIBAO in Chinese 8 Jun 84 p 4

[Article by Chen An: "Continued Strengthening of Economic Cooperation Between China and EEC Creates Conditions for More Comprehensive Cooperation"]

[Text] The EEC is the world's biggest trade organization and commodity market. China established formal relations with the EEC in May 1975. Since then, bilateral economic and trade relations have developed swiftly. The two sides concluded their first 5-year trade agreement in April 1978 and initialed a textile agreement in 1979. The EEC granted generalized preferential treatment to China export commodities as of 1 January 1980 and gradually extended the range of commodities covered by the generalized preferential system. To some extent, this has promoted the export of China commodities to the EEC. In accordance with the provisions of the trade agreement, the two sides will hold a meeting of a mixed committee annually to discuss matters pertaining to bilateral economic and trade relations.

Since 1983, senior officials responsible for economic and trade affairs from EEC member-states Belgium, the FRG, Britain, France, Italy, Ireland, and Greece have visited China one after another. China's State Councillor and Minister of Foreign Economic Relations and Trade Chen Muhua has also visited a number of EEC countries. China has also negotiated or signed agreements with France, the FRG, Belgium, and other countries on avoiding double taxation, and has signed an investment protection agreement with the FRG. In particular, China has developed relations with the European Coal and Steel Community and the European Atomic Energy Community, thus laying a good foundation for more extensive and comprehensive cooperation between China and the whole of the EEC.

In the 8 years since the establishment of relations between China and the EEC, bilateral trade has been growing at an average annual rate of 15 percent, soaring from U.S. \$2.4 billion to U.S. \$5.567 billion. Chinese exports to the EEC have increased by 169 percent, from U.S. \$0.81 billion to U.S. \$2.22 billion. Imports have increased by 113 percent, from U.S. \$1.59 billion to U.S. \$3.47 billion. Last year, the EEC overtook the United States and became China's third biggest trading partner.

During the period under review, China has been engaged in various forms of economic cooperation with EEC countries. These include cooperative production, compensation trade, joint ventures, importation of technology, processing and assembling, technical training, and the export of labor services. Early last year, the departments concerned signed an agreement with the British Pilkington Company on building a jointly owned sheet glass factory, worth U.S. \$120 million, in Shanghai. The China National Offshore Oil Corporation is now working in cooperation with the oil companies of Britain, Italy, France, and other countries in exploring offshore oil. Other joint ventures in China include the Tianjin Liming Cosmetics Company, jointly run by the Wei-nuo [4850 2180] company of the FRG and Tianjin Municipality, and the Sino-French winery.

Considerable progress has also been made in funds cooperation between China and the EEC countries. Following the granting of export credits, some EEC countries are now offering long-term interest-free and low-interest loans to China.

Although economic cooperation and trade exchanges between China and the EEC have picked up speed, they still cannot meet the needs of the situation. China's gross volume of import-export trade has grown at an average annual rate of 20 percent over the past decade and more. The growth rate of trade with Japan and the United States is higher than this average figure. The growth rate of trade with Western Europe used to be lower than this, but last year it rose to 20.52 percent.

The potential for economic cooperation between China and the EEC has not been fully tapped. Progress made in this direction is not compatible with the economic strength of the EEC or the development of friendly relations between the two sides. China plans to import technology to carry out technical transformation in existing medium-sized and small enterprises. The medium-sized and small enterprises in EEC countries, which mainly produce high-grade and precision products, are highly specialized. These burgeoning enterprises have mastered new technologies and technological processes which top the world in many respects. They have also accumulated rich experience in reforming outmoded equipment. They hope to develop relations with China to sell their products and technologies, many of which are needed by China. China may also make the best use of compensation trade to develop large-scale cooperation with the EEC. Many big companies and enterprises in EEC countries have expressed keen interest in this kind of cooperation, particularly in the exploitation and smelting of nonferrous metals. Cooperation is possible if these countries would provide the necessary funds, technology, and equipment for the exploitation of mineral resources in our country in exchange for mineral products or fuel. Cooperative production between China and the EEC is also carried out on a reciprocal basis. The EEC has superior technology and China has a superior labor force. If they work together and make use of each other's strong points, production on both sides can be promoted. This will also enable China to learn about advanced technology and acquire knowledge of enterprise management. Work has already started in this connection, but it still needs to be further developed.

As the economy develops, China's economic and trade relations with foreign countries will also grow at a faster pace. It is estimated that China's foreign trade will quadruple before the end of this century, and the proportion accounted for by the EEC will increase. With their economies back on the path of recovery, the governments of various EEC countries hope to spur domestic production by means of a substantial increase in exports.

They are keen on selling more products to China. The economic structure of EEC countries is also going through large-scale readjustment under the impact of the new technical revolution. Traditional labor-intensive industries are steadily being replaced by technology-intensive ones. Both China and the EEC and its member countries have a strong desire to develop cooperative relations on the basis of equality, reciprocity, and mutual benefit. Premier Zhao Ziyang emphatically pointed out in his address to the Royal Society for International Studies in Belgium on 5 June: "China is willing to further expand economic and technical exchanges with Western Europe to promote mutual prosperity." The European Parliament has recently endorsed a report on economic relations between the EEC and China, which emphatically pointed out: "In cooperating with China on economic and technical matters, the EEC should do its best to catch up, and should not lag behind the United States and Japan." Economic cooperation and trading intercourse between China and the EEC are bound to develop further if both sides really work on it

WANG RENZHONG MEETS ITALIAN PARLIAMENTARY GROUP

OW251804 Beijing XINHUA in English 1649 GMT 25 Jun 84

[Text] Beijing, June 25 (XINHUA) -- Wang Renzhong said here today that the contacts between China's National People's Congress and the Italian Parliament were conducive to friendship and cooperation.

Wang Renzhong, vice-chairman of NPC Standing Committee and chairman of NPC's Financial and Economic Committee, was meeting a delegation from the transport committee of the Italian Chamber of Deputies led by its president, Girolamo La Penna, in the Great Hall of the People today. The delegation is here at the invitation of the NPC Finance and Economics Committee.

Wang Renzhong said: "China is willing to cooperate with Italy in various forms. Premier Zhao Ziyang expressed the hope during his recent visit to Italy that China and Italy would explore expanded economic relations and trade as well as scientific and technological contacts. The delegation's visit will help."

La Penna said: "The policy of opening to the outside world pursued by the Chinese Government interests us greatly."

He spoke highly of Premier Zhao's speech during his European tour. "It made us see the prospects of cooperation with China and the realization of world peace." He hoped for better cultural and economic cooperation between Italy and China. The meeting was followed by a dinner given by Wang Renzhong for the delegation

Present on both occasions was Mrs Graziella Simbelotti, chargee d'affaires of the Italian Embassy in Beijing.

The delegation held a work conference with the Financial and Economic Committee of the NPC this morning and met with Li Qing, minister of communications, this afternoon.

I. 26 Jun 84

PR C I N T E R N A T I O N A L A F F A I R S
EASTERN EUROPE

H 1

CHEN MUHUA SIGNS COOPERATION AGREEMENT IN BUDAPEST

OW260412 Beijing XINHUA in English 0222 GMT 26 Jun 84

[Text] Budapest, June 25 (XINHUA) -- An agreement on economic and technical cooperation and a protocol on establishing a committee on economic, trade, scientific and technological cooperation between China and Hungary were signed here today.

The documents were signed by Chen Muhua, Chinese state councillor and minister of foreign economic relations and trade, and Hungarian Minister of Foreign Trade Peter Veress.

Hungarian Premier Jozsef Marjai and Chinese Ambassador to Hungary Ma Lie were present at the ceremony.

During their talks today, Chen Muhua and Peter Veress briefed each other on their countries' economic development and exchanged views extensively on furthering the economic and trade relations between the two countries. The talks were held in a sincere and friendly atmosphere.

YAO YILIN MEETS ROMANIAN COMMERCE MINISTER

OW251253 Beijing XINHUA in English 1227 GMT 25 Jun 84

[Text] Beijing, June 25 (XINHUA) -- Yao Yilin, alternate member of the Political Bureau of the Chinese Communist Party Central Committee and vice-premier met and had a cordial conversation with the Romanian commercial delegation here this afternoon.

Head of the delegation is Ana Muresan, alternate member of the Executive Political Committee of the Central Committee of the Romanian Communist Party and minister of commerce.

A protocol on the development of friendship relations between the ministries of commerce of China and Romania was signed later this afternoon by Chinese Minister of Commerce Liu Yi and Romanian Minister of Commerce Ana Muresan.

QIAN QICHEN MEETS BULGARIAN FOREIGN MINISTER

OW260745 Beijing XINHUA in English 0636 GMT 26 Jun 84

[Text] Sofia, June 26 (XINHUA) -- Bulgarian Foreign Minister Petur Mladenov met with the visiting Chinese Vice-Minister of Foreign Affairs Qian Qichen here today. They had friendly talks on the further development of relations between the two countries.

Qian arrived here on June 22 at the invitation of Bulgarian Deputy Minister of Foreign Affairs Lyubomir Popov. During the visit, Qian and his counterpart exchanged views on international issues of mutual interest and the further development of relations between the two countries. Qian also met with Bulgarian Vice-Minister of Foreign Trade Marin Marinov today. Qian and his party will leave Sofia for Czechoslovakia tomorrow.

TYPHOON HITS DIANBAI AREA IN GUANGDONG PROVINCE

OW260152 Beijing Domestic Service in Mandarin 2230 GMT 25 Jun 84

[Text] According to a station report, at 0600 today [2200 GMT 25 June] the Central Meteorological Observatory issued a typhoon warning. This year's No 2 typhoon hit the coastal area between Dianbai and Wuchuan of Guangdong Province last night. When it hit the coast, the typhoon registered wind force 10. At 0200 this morning [1800 GMT 25 June], the center of the typhoon had already moved west and hit Qinzhou's coastal area in Guangxi, namely 21.7 degrees north latitude, 108.9 degrees east longitude. Maximum winds near the center of the typhoon registered force 10. The typhoon is currently moving in a westerly direction at a speed of about 20 kilometers per hour. It is estimated that the typhoon will continue to move west along the coastal areas in Guangxi, and gradually be reduced in strength to become a depression. Under the influence of the typhoon, the coastal areas in Guangxi and the Beibu Wan will still experience strong winds of force 6 to 8 today. The wind force over the sea and areas where the center of the typhoon passes will be strong at force 9 to 10. There will be heavy and torrential rain in southern Guangxi.

All units concerned: For the movement of the typhoon from now on, please pay attention to weather forecasts by local meteorological stations.

GAO YANGWEN ON RECTIFICATION IN COAL INDUSTRY

OW250953 Beijing XINHUA Domestic Service in Chinese 0733 GMT 24 Jun 84

[XINHUA Domestic Service in Chinese at 0732 GMT on 24 Jun transmits a "public notice," requesting that the "full text" of the following item be published as the lead article on the front page]

[Text] Beijing, 24 Jun (XINHUA) -- On the morning of 16 June the Secretariat of the CPC Central Committee and the State Council heard a report by Gao Yangwen, secretary of the leading party group of the Ministry of Coal Industry and minister of the coal industry, on the ministry's work in correcting the guiding thought for operational work through party rectifications, and its plan for launching party rectification on the coal front. The leading comrades of the Secretariat of the CPC Central Committee and the State Council maintained that the report of the leading party group of the Ministry of Coal Industry was a good one, and they approved the ministry's reform plan, in principle because it showed it was quite effective in handling the problems which should be dealt with in the course of party rectification, its guiding thought for operational work was clear and definite, it showed determination to reform, and the courage to create a new situation, and it tallied with the strategic objectives and requirements put forward by the 12th party congress. The Secretariat of the CPC Central Committee and the State Council hoped that party committees and leading party groups in all regions and departments would set high standards for all party rectification projects, and accomplish them accordingly, in the light of their actual situation, as well as the Ministry of Coal Industry's methods and experiences, so that economic development and reform can be expedited by party rectification.

Hu Yaobang, general secretary of the CPC Central Committee, and chairman of the Commission for Guiding Party Rectification of the CPC Central Committee, chaired the meeting. Wan Li, Xi Zhongxun, Yu Qiuli, Song Rengiong, Yao Yilin, Chen Pixian, Hu Qili, Qiao Shi, Hao Jianxiu, Ji Pengfei, Li Peng, Wu Xueqian, Song Ping, and others attended the meeting.

The Ministry of Coal Industry and its other units in Beijing have been engaged in rectifying their party organizations for 7 months, and they have achieved progress, in varying degrees, in accomplishing the four projects of party rectification. In his report, Comrade Gao Yangwen focused on how they have corrected the guiding thought for operational work, and expedited reform in the course of party rectification. Leading comrades of the central authorities showed keen interest in his report, and put forward many important opinions. The meeting proceeded in a lively atmosphere.

Gao Yangwen pointed out that during the initial stage of party rectification, members of the ministry's leading party group did not fully understand what sort of major issues had to be resolved by party rectification, and so their opinions differed. Comrade Hu Yaobang's remarks at the Fifth Plenum Session of the Commission for Guiding Party Rectification of the CPC Central Committee that we must "discuss the major issues, known the overall situation, and manage our business well" during party rectification, enlightened them considerably. So they mobilized all party members, particularly the cadres at the departmental level and above, to discuss what sort of major issues in the Ministry of Coal Industry must be dealt with and resolved during party rectification. Finally, they focused their attention on these four major questions: 1) Do we understand the essence of the lines, principles and policies of the 3d Plenary Session of the 11th CPC Central Committee? Have we ever resisted them, been skeptical of them, or unable to understand them? 2) Are there any specific principles, policies and measures, adopted by their departments, which have become incompatible with the new situation and new missions? 3) Are the ministry's leading organs confident enough to achieve the general tasks and objectives set out by the 12th party congress, particularly the ambitious task of doubling the annual coal output by the end of this century, to ensure the nation's needs in quadrupling the value of its annual industrial and agricultural output? Can the leadership style and method of work keep up with the needs? 4) What sort of reforms must be carried out in order to blaze a new path for the coal industry, so that it can keep up the needs of national economic development?

Having focused its attention on these four questions, the Ministry of Coal Industry's main objectives during party rectification became clearer and more conspicuous. To achieve these objectives, the ministry adopted the following basic measures:

-- Straightening out the guiding thought for operational work, beginning with eradication of "leftist" influence. To pinpoint the leading party group's main problems, they held many meetings in Beijing and at basic-level units; and with Gao Yangwen, Yu Hongen, deputy secretary of the ministry's leading party group and vice minister of coal industry, even went to the Luan and the Huolinhe coal mines to solicit opinions. Through analyzing 368 opinions, they realized that the leading party group had not done enough to keep up with the needs of development of the coal industry, although it had emancipated its mind somewhat over the past several years. Facts showed that "leftist" influence was still the main obstacle to reform in the coal industry, and that, since production of coal was still largely handled manually, the education level of the cadres in the coal industry was still relatively low. Because of this, plus other social and historical factors, they were conservative, tended to do things in a conventional way, were often slow in accepting new ideas, and were vulnerable to the control of "leftist" ideology. Such being the case, progressive and conservative ideas frequently clashed in the course of progress, and certain reforms, which should have been achieved, ended unsuccessfully. To straighten out the guiding thought for operational work, and accelerate the pace of reform in the coal industry, it was therefore necessary to combat "leftist" influence and conservative ideas, otherwise the work of straightening out the guiding thought for operational work would become superficial and ineffective in solving any problem.

-- Members of the ministry's leading party group took the initiative in making self-criticism, and compared and examined their performance in party rectification, in light of the high standards they set for themselves. Correcting the guiding thought for operational work and going all out to reform and blaze new trails should not merely be the business of a handful of people in the ministry's leading party group; the correct guiding thought for operational work must be made the common code of action for everybody in the higher or lower departments of the ministry. To this end, attention should be directed to comparing and examining our performance in party rectification, and to creating an atmosphere, under which party members and cadres dare to reveal what they think, consciously eradicate "leftist" influence and conservative ideas from their minds, and heighten their consciousness to remain, ideologically and politically, at one with the CPC Central Committee. To achieve this objective, the ministry's leading party group, particularly the secretary, must take the lead and set an example for everyone. In early April, Gao Yangwen, after ample preparation and without the assistance of a secretary, prepared his own report on comparing and examining his performance in party rectification. In that report he sincerely and practically examined the problems in the guiding thought for operational work, the problems of "leftist" influence, and the problems of party spirit, work style and discipline, and also criticized his insufficiencies in these areas. Because of his initiative, other members of the leading party group also sincerely made self-criticism, in the spirit of seeking truth from facts. In the same spirit, members of the ministry's leading party group, on 6 April, also compared and examined their performance in party rectification before all other party members of the ministry. Consequently, a good atmosphere for making self-criticism was created in the ministry. Since everyone was set at ease and did not have to be wary about grave consequences, they consciously rid themselves of "leftist" influence and conservative ideas, in comparing and examining their performance in party rectification, and they also stopped talking emptily or using hackneyed phrases. Because of this method of comparing and examining everyone's performance from top to bottom during party rectification, party members and cadres within the ministry made a big stride forward in unifying their thinking, and in remaining, ideologically and politically, at one with the CPC Central Committee.

-- Setting aside time to concentrate on party rectification and economic reform. After comparison and examination work were basically completed in the ministry's leading party group and among departmental and bureau level party-member cadres, the party-member cadres and masses still clamored for more rectification and reform. Promptly taking note of the sentiments of the masses, the ministry's leading party group regarded their demand as reflecting a desire to gradually translate the strategic concept of the CPC Central Committee and the State Council to accelerate the pace of reform into concrete action. Thereupon, the ministry's leading party group has decided to set aside a certain period for rectification and reform, after the tasks of comparison and examination are completed. This decision has already been approved by the Commission for Guiding Party Rectification of the CPC Central Committee. The major tasks of rectification and reform include solving reform problems in the coal industrial departments, rectifying office work style, and further investigating and dealing with unhealthy bureaucratic practices of taking advantage of one's position or authority to seek personal gain, or taking an irresponsible attitude towards the party and the people (this is also a serious problem in offices under the Ministry of Coal Industry), thereby deepening the party rectification campaign. After collective and individual comparison and examination work was completed, the ministry's leading party group set aside a period to investigate and study problems of reform in the coal industrial departments.

The ministry's leading party group seriously examined and sorted out documents and regulations, issued by the ministry in the past, but now incompatible with the current reform and open-door policies.

Over the past several years, although the Ministry of Coal Industry has done some reform work, generally speaking, only sporadic tasks were completed, and progress was rather slow. This was because of the remaining "left" influences and unfavorable external conditions. The overall guiding ideology for current reform is emancipating thinking, relaxing policies, and delegating and expanding authorities of subordinate units, in order to carry out a thorough reform in the coal industrial departments. After over a month of deliberations and preparatory work, it has been decided that reform should be carried out in several areas. For instance, it was decided to implement a general contract system (including contracts on output, capital construction, and losses) for coal mines, under the centralized coal distribution system, to arouse the enthusiasm of staff and workers in coal industrial enterprises and mining bureaus. It was also decided to relax the policy towards local medium-size and small coal mines; correctly handle the relationship between coal, electricity and transportation, thereby promptly converting local coal to local electric power; accelerate the development and increase the output of coal mines in eastern China; implement a reformed worker personnel system, whereby the use of regular and hired workers is combined; reform the wage system so that it fully embodies the socialist principle of "to each according to his work;" boldly and actively adopt advanced designs and technology made possible by new materials, technology and equipment; resolutely oppose all backward and conservative designs and technology; and actively adopt advanced management methods in order to accelerate construction and raise the overall economic results. At present the aforementioned reform plan has been partially implemented.

In his report Gao Yangwen said that in party rectification the senior leading organs of professional departments must, first of all, concentrate on the guiding ideology in professional work. This emphasis is different from that for basic-level units in party rectification. However, they are also required to meet the same high standard set for party rectification in other tasks, without negligence or relaxation. On this question, a central organ leading comrade emphatically pointed out that, in party rectification, it is imperative to thoroughly solve the serious problem in bureaucratic practice of taking advantage of one's position for personal gains, and that cadres involved in such bureaucratic practices should be resolutely dismissed or replaced. Currently, rapid progress has been made in reform, and in opening up to foreign countries. This requires that our leading organs rapidly improve their work style and method of work. Otherwise, they will not be able to catch up with the situation and the masses, thus failing the expectations of party rectification.

Because the ministry's leading party group, complying with instructions of the Commission for Guiding Party Rectification of the CPC Central Committee, has set up a twin leadership, with one branch emphasizing party rectification work has been able to closely follow the guiding ideology in professional work. Thus, not only has party rectification promoted economic work, but also economic work has served as a criterion for judging the results of party rectification. This has effectively prevented the two tasks from being divorced from one another. In the first 5 months of this year the situation on the coal production front was unusually good. Total coal production was 15.7 million dun over the production target, and the average daily coal output rose 8.97 percent over the same period last year. During the same period, the capital construction departments fulfilled 43 percent of the annual production plan for 1984, which was 43 percent higher than in the same period last year.

Although these achievements reflected the total work efficiency of all departments concerned, they nevertheless are also inseparable from the smooth progress of the party rectification campaign.

RENMIN RIBAO ON GANSU CIRCULATION PROBLEMS

HK220356 Beijing RENMIN RIBAO in Chinese 19 Jun 84 p 2

[Report by reporter Zhang Shusheng: "Gansu Province Examines Economic Results in the Sphere of Commodity Circulation, Discovers Very Serious Problems" -- capitalized passages published in boldface]

[Text] Toward the end of May, the Gansu Provincial CPC Committee's Economic Work Department and the provincial government Economic Commission issued a joint circular on the results of the grand examination of economic results in the sphere of commodity circulation, which openly revealed the grave problems existing in some units. The leading comrade of the provincial CPC Committee pointed out: It is necessary to seriously handle the cases of enterprise leaders who have caused great economic losses to the state because of serious bureaucratism and chaotic conditions in enterprise management.

The problems discovered through the examination of economic results in the sphere of commodity circulation of Gansu Province are chiefly as follows:

THE OVERSTOCKING OF COMMODITIES. According to incomplete statistics from 12 units under the offices and bureaus of finance and trade, industry, and communications at the provincial level, the overstocked commodities had a value of over 300 million yuan, while in many grassroots units overstocked commodities account for 40 to 50 percent of the commodities in stock.

LOSSES OF PROPERTY. According to statistics from the commercial, supply and marketing, and medical systems, between 1982 and 1983 the loss of property amounted to 60 million yuan, and the sum would exceed 100 million of the losses incurred due to natural calamities and price reductions in commerce were included.

UNHEALTHY TENDENCIES. There are many problems in this respect. Ma Mingshan, manager of the Nationality Trading Company of Dongxiang Nationality Autonomous County, handed over the cotton fabric in the company's stock to his daughter for making nearly 10,000 garments at an expense of over 4,000 yuan. However, the garments processed are small in size and ugly, and consequentially are unmarketable and remain in stock. He also let his son use state-owned trucks to haul private goods, free of charge, and minor repairs on the trucks were reported as major ones. In 1983 alone the operation of vehicles incurred a loss of 12,900 yuan. The Jinchang City Supply and Marketing Cooperative cut the prices of 100 Aidi brand 20-inch black and white TV sets, and 20 Sanyo brand 4-speaker radio-recorders, which had been imported from Japan not long before. The TV sets were sold at a 50 percent reduction, and the radio-recorder sets at a 70 percent reduction. The bargain was made for leading cadres of this same cooperative, and grassroots shops, and the influence has been extremely bad.

DAMAGE AND WASTE. Some units are irresponsible concerning the property of the state and people. Damage and waste have been shocking. Last November the Tianshui Purchase and Marketing Station under the Gansu Provincial Supply and Marketing Cooperative made a purchase of 350,000 jin of oranges from Sichuan and Hunan. Of this total, 280,000 jin were found affected by mildew, even at the places they were picked, and after they were transported to Gansu their sale was not eagerly promoted.

As a result, 93,900 jin were rotten, incurring a loss of 28,600 yuan; and 8,600 jin left unsold at a reduced price, incurring another loss of 2,700 yuan. Relevant personages of the Native Produce and Animal Byproducts Corporation under the Gansu Provincial Office of Economy and Trade have committed serious malfeasance. In 1982 and 1983, 182 tons of melons, 106 tons of garlic, and 20 tons of dried lily seeds were sent to the Hong Kong and Macao market. Later, they were reported damaged because they were rotten; these three items incurred a total loss of 567,000 yuan. Another deputy section chief made an indemnity of HK\$410,000 to a Hong Kong businessman without authorization. Nobody even made an investigation into the loss or the rotten condition of commodities in the Xujiawan warehouse of the Gansu Provincial Supply and Marketing Cooperative. The management of the warehouse is in utter chaos. In the current examination, it has been found that 82,000 coils of incense, 80,000 brooms, and over 700 mops have rotted. The loss with the incense alone comes to 56,000 yuan. The sale of petroleum chemical products under the control of two administrative cadres and seven young people have caused a loss of over 230,000 yuan worth of commodities in 3 years.

A responsible comrade concerned of the provincial CPC Committee says that it is necessary to guide the current grand examination to develop in depth, to expose all problems, to select typical examples, and to make a breakthrough in solving the problems of unhealthy tendencies in the sphere of commodities circulation and in spoilage of property of the state. Concerning those key units and incidents in which problems have been ascertained, it is imperative to handle their cases within a stipulated period of time. We should by no means let those corrupt and incompetent people, those bureaucrats who are irresponsible with the properties of the people, to continue to occupy the leading posts and cause harm to the state and the people.

EDITORIAL URGES BUILDING CIVILIZED UNITS

HK230636 Beijing RENMIN RIBAO in Chinese 19 Jun 84 p 4

[Editorial: "Let Flowers of Civilized Units Blossom"]

[Text] Under the guidance of the CPC Central Committee's strategic principle of grasping the two civilizations, China has launched the ethical drive of the five stresses, four beauties, and three loves throughout the country for more than 3 years, and has made remarkable achievements. The general mood of society and the social order in many cities have been greatly improved. The appearance of cities, public health, public order, and attitudes in attending to customers have also undergone great changes, in addition to the great achievements made in the areas of beautifying the environment and of municipal administration. At present, the activities of tackling the problems of having a "dirty, confused, and poor" state of affairs are developing in the direction of improving services, establishing a good social order, creating a beautiful environment, and establishing various civilized units. And the establishment of the civilized units is the basic form and basic content of the ethical drive of the five stresses, four beauties, and three loves this year as well as in the near future.

The continued development of the ethical drive of the five stresses, four beauties, and three loves has given impetus to various localities in doing good deeds for the masses. They have received sincere support from the masses. This has laid a solid foundation among the masses for further establishing civilized units. Recently we have spared no effort in engaging in various public activities and shock tasks, and have scored remarkable successes. The cadres and the masses have, in the course of upholding the goal of tackling the problem of having a dirty, confused, and poor state of affairs, gained new experience in establishing civilized units.

They have found an appropriate form and method to make it become a regular and systematic practice. Such an in-depth development of the ethical drive of the five stresses, four beauties and three loves conforms to the law of development. In the past, we did not get effective results in our tasks and some of our work became a mere formality mainly because we did not establish roots among the masses and lacked a foundation among them. All grassroots units are entities for organizing various activities. Once we have grasped this link, we can then fulfill the task of building spiritual civilization and improving the general mood of society down to the grassroots units. And once we have grasped the task in a down-to-earth manner by starting from a group, a counter, a residents' committee, a school, or an organization, the "cell" of civilized units will develop from the key points to all areas. And the "regional atmosphere" will become the "prevailing one." Thus, we shall certainly achieve the objective of the struggle put forward by the 12th CPC National Congress, that is, to achieve a fundamental turn for the better in the party style and the general mood of society.

The practice of jointly building civilized villages by the Army and the people, which was proposed by the PLA, is a great contribution. It provides a beneficial experience for various trades to establish civilized units. The practice is vigorously developing in various localities by taking the forms of joint establishments between the Army and the people, between the factory and the Army, and between industry and agriculture. This helps us maintain close relations between the party and the masses and between the Army and the people. This also helps us establish new socialist relations among the units and among the people, greatly promoting the building of the two civilizations. The CPC committees and governments at various levels must attach great importance to these achievements of the masses. They must vigorously lead and carefully organize the work. They must popularize the good experience of "joint establishments" among various sectors of society, and must improve the level of spiritual civilization of the entire society.

The establishment of civilized units has put new demands before the party member cadres as well as party and government leading comrades at various levels. The situation requires them to vigorously lead and participate in the drive. It helps us to overcome bureaucratism, and carry forward the spirit of wholeheartedly serving the people. Some party member cadres unilaterally hold that the ethical drive of the five stresses, four beauties, and three loves is a matter for young people, or for the staffs of various service trades, or in other areas and has little to do with them; since they have indulged in such thinking, their residential blocks are dirty and a mess. They always have a bureaucratic work style, pass the buck, and are inefficient. Also, they fail to provide good services for the people. The establishment of civilized units includes every party member cadre. The practice urges them to play an exemplary role. The party member cadres must first set an example for others within their units rather than only asking others to do the work while they do not lift a finger. The party member cadres must not only set examples and be civilized staff and civilized citizens, but must also be bold in struggling against various malpractices and unhealthy tendencies. They must strive to coordinate and strengthen various areas, and to tackle the problems comprehensively.

In connection with the proposals of the CPC Central Committee and the State Council, the just concluded Second Session of the Sixth NPC has decided to continue to successfully grasp two major tasks, that is, to implement structural reform and to open to the outside world. The session has formulated resolutions for accelerating the pace of urban reform. This has also presented us with new demands and created favorable conditions for us to lead an in-depth development in the ethical drive of the five stresses, four beauties, and three loves, and to create civilized units.

We must eliminate the "leftist" influence, and do a good job in building spiritual civilization by acting in the spirit of reform. We must advocate the prevailing socialist customs, and kindle the masses' spirit of serving the state and people. We must ensure the smooth progress of urban reform and of the four modernizations. The practice of urban reform has opened up broad prospects for the construction of spiritual civilization, and for the establishment of civilized units. The CPC committees and governments at various levels must emancipate their minds, and act boldly in both investigation and innovation. They must firmly grasp the construction of spiritual civilization so that the two civilizations will be grasped at the same time, and the building of both will be simultaneously advanced.

When establishing civilized units, we must proceed from reality and act according to our capability. We must make steady progress rather than going in for grandiose achievements. We must not act superficially nor engage in formalism. When organizing any activity, we must focus on the actual benefit of the masses. We must also have our eyes on the matters that help us to improve economic development as well as the general mood of society, rather than matters in which we pursue undeserved reputation but bring about calamities.

Let the flowers of civilized units blossom in the vast territory of the motherland!

RENMIN RIBAO VIEWS ROLE OF POPULAR LITERATURE

HK260505 Beijing RENMIN RIBAO in Chinese 18 Jun 84 p 7

[Article by Peng Dian: "Building Spiritual Civilization and Improving Popular Literature and Art"]

[Text] In the process of building socialist spiritual civilization, how should we give play to the role of popular literature and art among the masses? This is a problem which the leaders concerned and literary and art workers should pay attention to. In recent years popular literature and art works have become one of the top-selling items. Some popular literature and art works and journals have a circulation of hundreds of thousands or several million copies per issue. They have even greater influence if we take into consideration that books and journals may be passed around and loaned out.

With regard to popular literature and art, there are several points which merit our attention: 1) Although restricted in their cultural and aesthetic level, for a certain period of time, popular literature and art works will still have a large readership and audience. Their cultural and aesthetic level can only be gradually enhanced. This is a general trend which will basically remain unchanged for several years. 2) Popular literary works are mainly read by peasants, workers, and youngsters. They are not only the main, but also very important sections of our population. 3) Due to popularization of the powerful modern media, such as broadcasting and television, they are able to spread literature to the most remote areas and to the broadest masses of people. In speed, range, and frequency of propagation, these modern media are much more efficient than books, plays, and movies.

On the one hand, the masses have an urgent, profound, and increasing need for literature and art works. On the other hand, we have powerful, rapid, and modern media. Much can be accomplished if we combine the two. The problem lies in what we supply and what we propagate.

There is no doubt that we should spread socialist popular literature and art. Only by strengthening our work in this respect in a guided, planned, and organized way can we use socialist popular literature and art to attract and win over audiences and readers, to squeeze out the old popular literature and art and occupy the cultural market as well as ideological and cultural positions.

As early as the end of the 1920's, Lu Xun and Qu Qiubai said: In the old society, the world outlook and viewpoint on life of the laboring people in China were formed in teahouses, storytelling places, and theaters. In other words, at that time the laboring people only had contact with literature and art in these places; most of these places were full of popular literature and art which propagated the ideology of the feudal and exploiting classes. In the 1930's, Lu Xun and Qu Qiubai made vigorous efforts to advocate literature for the masses. Their purpose in doing so was to change the situation in which the laboring masses fell under the influence of the old literature and art and enhance the spiritual quality of the masses with new and revolutionary literature and art for them. Lu Xun and Qu Qiubai attached importance to literature and art for the masses because they realized that such literature and art played a role in the ideological sphere of the workers, peasants, and youngsters, and influenced their world outlook, social outlook, and aesthetic standards. We should not underestimate the social effects of popular literature and art. Therefore, in the process of developing socialist popular literature and art, we should sweep away and squeeze out the harmful and old stuff, and use the new to fill the gap and replace it.

At present, the popular literature and art which enjoys a broad readership has developed considerably over the past few years. There are some good and comparatively good works, and their trends of development are also good. However, there are several problems which merit our attention. Some works are full of feudal and bourgeois ideological contents, and propagate old ideology, an old world outlook, an old outlook on life, old ethics, and so forth. There are some sentimental novels which describe love stories and chivalry. There are also some biographical and historical works with dramatic and complicated plots. But their ideological contents are meager and vulgar, with little or no instructive significance at all. Although the creations of these works is only a minor aspect of literature and art, we should not turn a blind eye to them. We must occupy these positions, influence the broad masses of readers, satisfy their needs, and serve them. Using the guiding principle of serving the people and socialism, we should develop and improve socialist popular literature and art.

We should ban, in accordance with law, those vulgar and obscene literary and art works which propagate sex and violence. However, it is insufficient to do this alone. The more important and positive work for us to carry out is to reform existing popular literature and art. Regarding those familiar storytelling, historical novels, and other popular works of literature, it is unnecessary for us to ban them. However, we should reform them in order to discard the inferior. This is a great project. It is a matter of great and far-reaching significance if we can successfully accomplish the work.

Of course, the more positive work for us to carry out is creating new popular literature and art works, which will utilize new ideological viewpoints and new and popular artistic forms and means of artistic expression, loved by the masses, to reflect history and reality and to praise progressive figures in history and socialist new people in practical life. In the past, there was only one magazine of popular literature and art, which was called SHUO SHUO CHANG CHANG [TALKING and SINGING]. In recent years, the number of such magazines has increased.

Magazines run by mass artistic centers of various provinces and cities mainly publish popular literature and art works. The present task is to further enhance their artistic quality. It is not easy to do so, and more efforts should be exerted in this respect.

Some of our writers look down on popular literature and art, and are reluctant to write and create popular literature and art works. To them, popular literature and art works are inferior and unfashionable. Actually, the problem does not lie in the forms of the works, but in their ideological contents and artistic achievements. Writers should have a sense of political responsibility and a mass viewpoint. It is necessary for us to train writers responsible for writing and creating popular literature and art works, and encourage writers to write and create more popular literature and art works loved by the masses.

Of course, to attract more readers and greatly increase their numbers, of youngsters, workers, and peasants in particular, our writers should write works with national characteristics and advance and promote the excellent tradition of national and folk literature, so that their works will be integrated with national and age-old traditions, and with the taste and aesthetic judgment of the broad masses of people. In this respect, the efforts of our late noted writers Lao She and Zhao Shuli are worth commemorating. We should learn from them.

Developing and improving socialist popular literature and art is important work in the construction of socialist spiritual civilization. We hope that writers and the departments concerned will pay attention to this problem.

SCIENTIST EXAMINES NUCLEAR POWER INDUSTRY

HK250838 Beijing BEIJING REVIEW in English No 25, 18 Jun 84 pp 17-20

[Article by Jiang Shengjie, president of the Chinese Nuclear Society and Chairman of the Science and Technology Committee of the Ministry of Nuclear Industry: "Developing China's Nuclear Power Industry"]

[Text] Since the world's first nuclear power plant went into operation in 1957, more than 300 nuclear power reactors have been built in 25 countries and regions, with a total generating capacity of 191,000 mw. And construction is continuing. By the end of the century, an estimated 40 countries will have nuclear power stations and the total generating capacity will have increased to between 600,000 and 800,000 mw. Of the world's total energy output, 20 percent will be produced by nuclear power stations, up from the current 12 percent.

With so many countries considering nuclear power a technically practical, safe, reliable and economical source of energy, China is beginning to develop its own nuclear industry, and in the next few decades will see major efforts in this sector.

Inevitable Trend

When the Chinese Government decided in 1982 to speed up the development of its nuclear energy industry, especially when it announced that two nuclear power stations would be built in east and south China, some people were asking, "With all its rich natural energy resources, why does China want to develop nuclear power?"

In 1949, China generated 4,300 million kilowatt-hours of electricity.

By 1983, this figure had risen to 351,400 million kwh, an 81-fold increase. Yet despite the increase, the total output of electricity still falls short of the amount needed for economic and social development. In the past few years, electricity for Chinese industries has been short by as much as 5,000 million kwh, resulting in short-term shutdowns at many factories. These interruptions in production meant that the country's annual industrial output value in these years was 70,000 million yuan less than it potentially could have been.

An insufficient supply of electricity has also resulted in many inconveniences in people's daily lives. For instance, there are often power cuts in small and medium-sized cities. Every urban resident currently has only 12 kwh of electricity on average a year. This figure is even smaller in the countryside. About half of the country's villages have no electricity at all. Compared with the developed countries, there is a very big gap in China.

China plans to quadruple its gross annual output value of industry and agriculture from 710 billion yuan in 1980 to 2,800 billion yuan by the end of the century. To fulfill this plan, the amount of electricity generated must also be quadrupled -- from 300 billion kwh in 1980 to 1,200 billion kwh.

To achieve this enormous goal, China has made plans to rapidly develop its thermal and hydroelectricity capacity by making full use of the country's rich coal and water resources. By the end of the century, the amount of electricity generated by thermal power stations will increase to 900 billion kwh from 58.2 billion kwh. That leaves a shortfall of some 100 billion kwh, which must be filled by developing nuclear power stations.

Uneven Distribution of Conventional Energy Resources

China has proved coal reserves of 700 billion tons, more than 60 percent of which, however, are concentrated in north China. Of the 380 million kilowatts of exploitable water resources, more than 70 percent are concentrated in the high mountains of southwest China. The nation's industrial and agricultural base, however, is along the coast, which lacks these energy resources.

The uneven distribution of energy potential not only increases the difficulty in exploitation, but also makes the long-distance transporting of coal from the north to the south and the long-distance transmission of electricity from southwest China economically unfeasible. Coal transportation currently makes up 43 percent of China's total railway freight and 47 percent of its water transport, but it still falls short of the demands of the coastal industrial areas.

Therefore, developing the nuclear power industry, especially in the industrial areas along the coast, is an urgent task to be completed as soon as possible.

Favourable Conditions

Some people have asked, "Has China the necessary conditions for developing the nuclear power industry?"

Since China built its first experimental nuclear reactor in 1958, more than 10 reactors of various kinds have been built and put into operation. During this period, a fairly comprehensive nuclear scientific research and production system has been established. The technology to explore for, exploit and process uranium, as well as the technology to produce nuclear fuels and handle spent fuel, is available.

Scientists and technicians have been trained for designing, installing, operating and rebuilding nuclear reactors.

China's verified uranium reserves are sufficient to keep pressurized-water reactors (PWR) with a total capacity of 15,000 mw running for 30 years. New geological surveys are being planned and new ore-bodies are expected to be found.

The basic conditions exist now for developing China's nuclear power industry. The 300-mw PWR plant at Qinshan in east China now under construction is developed by the Chinese.

China will also learn from other countries' experience. To speed up the construction of the nuclear power industry, China plans to import technology and equipment for large power stations. It also hopes to exchange experiences and establish cooperative relations with foreign nuclear agencies so as to enable nuclear power to serve humanity better.

Hu Yaobang, General Secretary of the Central Committee of the Chinese Communist Party, has said that in the coming few years China would import some nuclear power stations, each with a capacity of at least several hundred thousand kilowatts and even as much as 2 million to 3 million kilowatts, depending on the terms. China, he said, is ready to make decisions when the terms are favourable.

China is currently negotiating agreements on co-operation in nuclear technology with several countries that have already developed nuclear power. For instance, China and the United States initialled an agreement on the peaceful uses of nuclear energy on April 30.

Safety Devices

Around the world there is public concern about the safe operation of nuclear power stations. The Chinese Government also attaches great importance to safety. In the early 1970s, the late Premier Zhou Enlai pointed out that principles of safety, economy, practicality and self-reliance must be followed in developing nuclear power. Later, the government allocated special funds every year and organized specialists to carry out studies and to experiment with the safe operation of nuclear power stations. These experts believe that under the current scientific and technical conditions the safe operation of nuclear power stations is no problem so long as there is proper management and proper treatment of spent nuclear fuels.

Some people are worried that a nuclear power station might explode like an atom bomb. This, however, cannot happen because the materials and structure of a nuclear power station are completely different from those of an atom bomb. Highly enriched fission fuel is used in an atom bomb, with uranium-235 or plutonium-239 making up more than 90 percent of the fuel. A nuclear power plant uses a fuel of low concentration, of which uranium-235 makes up only about 3 percent. An atom bomb involves the assembly of sufficient nuclear fuels and is installed with a precise detonator, which can start the nuclear fuels on an enormous and uncontrollable chain reaction that instantaneously releases a colossal amount of energy. In a nuclear power station, the nuclear fuels are in separate reactor cores and are under human control and the energy is released slowly. Under no condition can it explode.

There is an area, however, that requires vigilant safety practices. The fission of nuclear fuels in the nuclear power stations can release a large amount of radioactive wastes that could harm all living things if it escaped.

To prevent any leakages of radioactive wastes, a nuclear power station is built with three barriers. The first shields the fuel core, keeping in 98 percent of radioactive products resulting from fission. The second is the protective wall and the recovering system. A third barrier, the safety shell covers the protective wall and the recovering system to effectively control any leakages.

Nuclear power stations are also installed with various kinds of safety devices to ensure that the three barriers are not broken if an accident occurs. For instance, an emergency coolant system is provided to cover a loss of coolant. It will automatically spray coolant to eliminate remaining heat in the reactor and to condense any vapour containing radioactive wastes. A purification system will remove the wastes to prevent a leakage into the outside environment.

Experience of the past 30 years has shown that people so far have not suffered serious harm from radioactivity from nuclear power stations. No one has died of radiation leakages, and even during the 1979 Three Mile Island accident in the United States, which was caused by human error, no one in or outside the power station died. A final analysis showed that people living within 80 kilometres of the Three Mile Island power station absorbed only 1.6 milirems (mr) of radiation per capita, less than the radiation dosage one is exposed to when wearing a luminous watch or watching color TV for a year. The average annual per capita radiation dosage allowed by the International Radiation Protection Association is within 500 mr.

In addition, environmental pollution from nuclear power stations is much less than that from power stations burning coal. Apart from radioactive wastes, coal-burning power stations release other noxious gases. (See the table.)

Radiation exposure (mr/year)	Sulphur dioxide released (ton/year)	Nitrogen oxide released (ton/year)	Dust and other substance (ton/ year)
------------------------------	-------------------------------------	------------------------------------	--------------------------------------

Thermal power Station	4.75	46,000-127,500	26,250-30,000	3,500
PWR station	1.8	0	0	0

The biggest problem is how to dispose of spent nuclear fuel -- that is, how to isolate nuclear fuel waste for long enough that it can no longer harm the biological world. Some countries have suggested a number of ways, including burying it underground, deep in the sea bed or under the polar ice cap, or disposing of it in outer space.

At present, it seems that the safest and most reliable way would be to bury nuclear waste underground. The first step in this process is the carrying out of the post-treatment of the fuel units which have been burned up in nuclear power stations. Next, the nuclear wastes containing radioactive elements are solidified in glass ingots, which are put in stainless steel or titanium containers. The containers are then buried more than 500 metres deep in rock and the space between them and the soil stratum is filled with clay or bentonite, both of which are strongly absorbent. Many specialists believe that this process can keep the wastes from being exposed to light and damaging the environment before they have become harmless. The safety and reliability of this manner of waste disposal has been recognized by more and more people, and some countries have decided to build underground nuclear waste dumps.

China has not yet been faced with the problem of disposing of nuclear wastes. However, it is certain that the problem can be solved satisfactorily when it arises. There are many areas where the geographic conditions are stable and the density of population is low, which would be suitable for disposing these wastes.

Prospects for Development

China will actively import advanced technology and equipment to speed up the development of its nuclear power industry and at the same time gradually acquire the ability to design and build large, medium and small nuclear power stations itself. It will gradually establish an independent and complete nuclear recycling system and rely on its own resources for nuclear fuels.

The nuclear power industry will be developed first in the coastal areas where industry is concentrated and energy is in short supply. The 300-mw Qinshan Nuclear Power Station is scheduled to be completed and put into operation in 1988. It is estimated that the 1,800-mw nuclear power station in Guangdong Province, the construction of which has started this year, will be completed in 1990. Also planned are several nuclear and thermonuclear power stations in east China, Liaoning Province and elsewhere.

It is estimated that by the end of this century China will have built nuclear power stations with a total generating capacity of 10,000 mw. Further development will gradually increase the proportion of nuclear power in the country's total power industry.

China will also undertake research on the fast neutron breeder reactor, the high-temperature gas-cooled reactor and the utilization of energy in controlled thermonuclear reaction so as to provide more and better new energy resources for the development of the national economy and to improve living standards.

COMMENTATOR ON SELF-EMPLOYED SPECIALIZED HOUSEHOLDS

HK260748 Beijing RENMIN RIBAO in Chinese 21 Jun 84 p 1

[Commentator's article: "Self-Employed Specialized Households Are a New Type of Individual Economy -- Third Discussion on Diversified Development of Rural Economy"]

[Text] At present the specialized households with the household as an administrative unit are springing up like mushrooms in the rural areas of our country. Many of them are specialized contracting households under the unified management of the cooperative economy, but a considerable number of them are self-employed specialized households. How should we regard these self-employed specialized households? Are they also the representative of the advanced productive forces in the rural areas as specialized contracting households? Do they have any prospects for development? The answer to these questions has a direct bearing on whether or not we can make the rural specialized households grow more rapidly and whether or not we can promote the development of rural commodity production more rapidly.

It should be noted that self-employed specialized households are somewhat different in economic nature from specialized contracting households in that the latter constitute an economic level of the cooperative economy while the former constitute a category of the individual economy. Most of the self-employed specialized households rely on their private production conditions and certain special technical skills to develop, and there is a difference between them and the specialized contracting households in the ownership of the means of production and in the distribution of products. However, there is a common ground between them, namely, both of them engage in specialized commodity production.

As a type of the individual economy, the self-employed specialized households carry out their business independently; but they have freed themselves from the decentralization of small production. Consequently, they are fundamentally different from the peasant families farming on their own before agricultural cooperation. The peasant families farming on their own in the past generally engaged in self-sufficient or semi-self-sufficient production and their production level was low. The production of self-employed specialized households is geared to the needs of society and is "small but specialized." They have become a component part of socialized production and are superior to the peasant families farming on their own either in management scope, production capacity, or economic results. In order to raise the level of specialized production and attain better economic results, self-employed specialized households are bound to establish numerous forms of economic links with the state and the cooperative economy and to demand the provision of socialized service before and after production. They are linked to the economy under socialist public ownership and are, therefore, a new type of the individual economy in the rural areas.

Like the specialized contracting households, the self-employed specialized households are playing an increasingly obvious role in rejuvenating the rural economy. They are active on the rural economic stage as commodity producers. Like twin brothers, they embody the new development of social division of labor in the rural economy, become the representative of advanced productive forces and the embryonic form of rural specialization and socialization, and give play to their role in accelerating the "two transformations" of the rural areas.

Under the influence of "leftist" ideas, some comrades have some prejudices against the individual economy. Always feeling that self-employed specialized households do not contain as sufficient a socialist element as specialized contracting households, they keep a wary eye on them, dare not boldly support them, and even try to restrict them. This is a one-sided and harmful understanding, which, in the final analysis, shows that the old idea that "the higher the degree of public ownership of the socialist economy, the better" is still creating trouble, and which reflects a lack of understanding on the importance of the diversified development of the rural economy and the important principle of simultaneous development by the state, the collective, and the individual. Since the implementation of the agricultural production responsibility system, a lot of surplus labor has emerged in the rural areas, the funds in the hands of the peasants have gradually increased, and the number of peasants giving up farmwork and engaging in diversified undertakings, the processing industry, service trades, circulation, and other fields has also grown continuously. While implementing the system of contracted responsibilities with payment linked to output and vigorously developing specialized contracting households, boldly developing self-employed specialized households is beneficial to the circulation and the full development of various production factors such as funds, labor, and technology; to the mobilization of the peasants, enthusiasm for developing commodity production; and to the prosperity of the rural economy, the state, and the people. With respect to the self-employed specialized households, we should treat them equally, without discrimination, be enthusiastic about them, and support them vigorously as we do the specialized contracting households, so that the peasant masses can choose the specific forms of specialized commodity production according to the objective needs of economic development and their own wishes.

YUAN BAOHUA ON IMPLEMENTING REFORM PROJECTS

OW260155 Beijing XINHUA Domestic Service in Chinese 1313 GMT 25 Jun 84

[By reporter Chen Naijin]

[Text] Beijing, 25 Jun (XINHUA) -- Yuan Baohua, head of the State's Council's leading group on enterprise consolidation and vice chairman of the State Economic Commission, said today that in order to give full scope to the power of reform under the current gratifying situation, all reform projects should be firmly carried out at all enterprises. Yuan Baohua made this statement while speaking at today's meeting of leading members from various provinces, municipalities, and autonomous regions attending a national conference to discuss the second stage of work of substituting profits with taxes. Yuan Baohua said that to ensure that various projects of reform are carried out at enterprises, work in three areas must be accomplished:

-- Continue to eradicate the influence of "leftist" ideas. Since the influence of "leftist" ideas has not yet been completely eradicated in the economic sphere, reform in this sector is still being impeded as outmoded conventions and traditional concepts are still controlling some people's minds, and some comrades are still doing their work in the conventional way. These comrades must therefore continue to emancipate their minds and seek unity of thinking on the basis of the party's lines, principles, and policies.

-- Leading organs at all levels, particularly the economic departments, must streamline their administration and transfer more authority to organs at the lower levels. All regions and departments must firmly delegate the necessary powers to organs at the lower levels in accordance with the relevant guidelines. While carrying out organizational reform, attention must also be directed at settling the problems of serving the grass-roots units, eliminating unnecessary intervention in enterprises, respecting their decisionmaking powers, and assisting the directors in successfully administering their enterprises through effective exercise of authority. Administrative departments at all levels and corporations must guard against the tendency to withhold power and be willing to give the lower departments greater responsibilities. Departments responsible for economic work should gradually shift the emphasis of their work to making overall planning. They should assume the responsibility of coordinating, supervising, and supporting the operations of various enterprises in accordance with the guideline of overseeing the overall operation while enlivening the operation of individual enterprises by giving them greater decisionmaking powers. In the industrial sector, the current system of putting industrial enterprises under the administration of industrial departments should be gradually replaced by a system of letting all trades and professions administer themselves. The restructuring and consolidation of various trades and professions should be regarded and handled as an important task.

-- Leadership over reform must be strengthened. As the reform situation is rapidly gaining momentum, all regions and departments must improve their leadership and conduct thorough investigation and study in order to keep up with the new situation, gain new experiences, explore new ways of dealing with new problems, and ensure sound development of reform by taking prompt and appropriate reform measures.

Yuan Baohua also stressed that it is necessary to correctly handle the relationship between reform and consolidation and simultaneously carry them out so that reform can be enhanced by consolidation. He said: The momentum gained in urban economic reform has been powerfully expediting the consolidation of enterprises. As reform continues to develop, enterprises will have greater decisionmaking powers. In the course of their consolidation, certain enterprises, owing to the adoption of certain reform measures, have quite successfully settled some highly difficult problems of strong policy nature, such as the restructuring of the leading bodies of enterprises, the management of personnel and labor, the distribution of bonuses, and so forth. While reform has invigorated our enterprises, it has also presented them with new requirements for their consolidation, thus increasing the pressure on them. This being the case, our enterprises should more successfully and quickly be consolidated.

RENMIN RIBAO DISCUSSES ECONOMIC REFORM

HK251410 Beijing RENMIN RIBAO in Chinese 18 Jun 84 p 5

[Article by Zhang Jie: "Preparations for a Takeoff"]

[Text] During my recent visits to various places, I heard the appeal for economic reform everywhere. The tide of reform is surging forward irresistibly. Many key cities and economic zones have held meetings to have lively discussions on the strategy for economic development and seriously try to find out the new way of rapidly enlivening the local economy. This is a really encouraging and inspiring situation inciting the people to make progress.

In the past 4 to 5 years, the rural areas of China which had suffered miseries, slavery, and humiliation in the past seem to have undergone a magic change as if moistened by rain and dew spread by the infinitely merciful goddess Guanyin. A flower-drum opera actor who wandered destitute far from his home village has become a rich man with an annual income of 10,000 yuan; small thatched cottages have been turned into small Western-style houses; girls who used to wear clothes made of pieces of gunnysack now put on dresses made of light and soft fabrics. Even the authors of "One Thousand and One Nights" and the well-known fairy tale writer Hans Christian Andersen could never have imagined such a miracle in the rural areas of China. I myself, a so-called writer, fail to enrich my imagination to keep abreast of the developing situation.

To be precise, the reform in the rural economic system includes the all-round contract system for agricultural production, the contract system linking remuneration to output run by households, the forms of specialized household, specialized village, and town and township enterprises, and various types of agricultural, industrial, and commercial integrated enterprises. All of these forms, aimed at spurring a great development of commodity production in rural areas, have given full play to the superiority of the socialist system and are an application of the basic principles of Marxism. This shows that as long as a guideline conforming to the national conditions of China and a set of correct policies are upheld, the initiative and creativeness of hundreds of millions of peasants will burst out like a volcano.

A review of the course of rural economic reform in the past few years is just exciting and worth pondering.

Which sage was the first to introduce a perfect plan for the reform in rural economic system? None!

In my opinion, a safe and perfect reform plan which will never fail can never be found.

I. 26 Jun 84

K 18

CHINA
PRC NATIONAL AFFAIRS

Extremely complicated social economic activities are constantly changing. Today's optimal plan will no longer be optimal tomorrow. Only the practice by laborers is the sole criteria for verifying an economic policy.

Therefore, we can only find a new path which is not available at present for urban economic reform by firmly following the experience which mental workers and physical laborers have accumulated in reform.

Giving full play to the initiative and creativeness of laborers is the key link to both rural and urban economic reforms.

Reform needs to be initiated by an enormous and powerful contingent. Therefore, the word reformer should not be the title of any individual but a concept meaning a huge body. Neither claiming oneself as a reformer nor honoring someone with the title of reformer is justifiable. We should particularly avoid dividing the broad masses of laborers and cadres into two groups, namely, the group of reformers and that of nonreformers. Unlike all of the previous political movements, the current mighty reform in rural areas does not advocate a division of people into different factions but a simultaneous advance, with some people leading in front while the others lag behind (because of the difference in the ability of understanding).

This is a very valuable experience which should be properly used for reference in the forthcoming urban economic reform.

Of course, I have no intension of denying the fact that we have a group of brave pioneers in every trade. In my own social activities, I have met many socialist entrepreneurs, emerging individually or in group, who mostly have strategic insight and the courage of adventurists; are keen to acquire new knowledge of modern economics and sciences; work in a down-to-earth manner and try their best to make every reform measure a complete success. It is not true that these people are necessarily the men of the hour, as passionate as some literary works (including my own works) have described. Their characteristics and style may vary widely. They themselves and the cause to which they are devoted will never end in "a moving and tragic failure." We can be sure that the mighty reform contingent will definitely be the glorious winners in our great socialist motherland.

It cannot be denied nor is it necessary to deny that our road of reform is a rough and torturous one. We may encounter obstacles, frustrations, joys and sorrows, partings and reunions, and all kinds of vicissitudes of life. Some individuals who stand in the forefront of reform may have to sacrifice their own lives like the martyr Huang Jiguang, who, in order to eradicate the obstacles on the road ahead in the battlefield and enable the Army to advance triumphantly, threw himself against the embrasure of the enemy's blockhouse. Such heroic feats, in a certain sense, may possibly take place under certain circumstances.

China has to rejuvenate, China has to rise, and China must make greater contributions to mankind, or in popular terms, China will have to take off. This may probably be a historical event which will occupy a special and important place in the history of the world of the 1990's. I think that the latter half of the 1980's can only be a period of preparations for the take-off. By preparations I mean capital, technology, equipment, and intellectual investment, renewal of knowledge, the reserve of qualified personnel, and so on which people are talking about every day. In my opinion, the most important among all the above is to build up a reform contingent of intellectual laborers comprising mental workers and physical laborers. They are the mainstay of our country. And our writers and artists should, of course, be counted as a part of this contingent.

I. 26 Jun 84

K 19

CHINA
PRC NATIONAL AFFAIRS

RURAL INDUSTRIAL OUTPUT FOR 1983 REVEALED

OW152337 Beijing XINHUA Domestic Service in Chinese 0749 GMT 14 Jun 84

[Text] Beijing, 14 Jun (XINHUA) -- In many places throughout China, rural industries have become an important supplement and competent assistant to state-run industries. According to statistics obtained by the Ministry of Agriculture, Animal Husbandry and Fishery among 28 provinces, municipalities and autonomous regions (Xizang not included), the total output value of rural industries in 1983 reached 75.7 billion yuan, 17 percent over the previous year, accounting for 12 percent of China's total industrial output value in 1983, and equal to China's total industrial output value in 1957.

In terms of specific products, the 1983 crude coal output of rural industrial enterprises accounted for 23 percent of China's total coal output, cement 14 percent, phosphate fertilizer over 50 percent, and bricks, tiles, lime, sand and stone over 75 percent.

Last year many localities readjusted their rural industries to meet the needs of national economic development -- they shut down over 1,400 machine-making and repair enterprises, and set up over 4,000 food-processing and building material enterprises badly needed in the countryside, thereby making the structure of rural industries more rational and their products more readily marketable. By far the majority of China's rural industrial enterprises adopted various forms of the economic responsibility system, remarkably improving their quality and economic results. With rural industries comparatively more developed, Jiangsu last year registered a total rural industrial output value of 15.8 billion yuan, accounting for 19 percent of that province's total industrial output value, and topping the province's total industrial output value in 1970. In half of Jiangsu's 75 counties (cities), the rural industrial output value surpassed 100 million yuan, with Wuxi leading the list at 1.28 billion yuan. Thanks to the development of rural industries, peasants in some places in Jiangsu, Zhejiang and Guangdong are now receiving 60 percent of their income from rural industries' profits.

INCREASE IN NUMBER OF CONSTRUCTION WORKERS NOTED

OW171015 Beijing XINHUA in English 0715 GMT 17 Jun 84

[Text] Beijing, June 17 (XINHUA) -- About five million Chinese peasants have taken up building trade, according to building trade officials here. Apart from contracting for home building projects in their localities, they have also penetrated into big and medium-sized cities and mining areas to compete with state-owned construction units. The building trade in China used to be undertaken by state construction units, which had limited manpower. The influx of peasants into the building trade has accelerated the pace of rural and urban construction and promoted economic development as a whole, the officials said. This has also provided an outlet for the surplus labor in the countryside and boosted peasants' income.

Henan, Jiangsu, Shandong, Guangdong and Sichuan Provinces each has more than 300,000 peasant construction workers, with a total annual income exceeding 460 million yuan. More than 200,000 peasants from Henan contracted for building projects in other provinces and the floor space of buildings completed in 1983 amounted to more than three million square meters.

I. 26 Jun 84

K 20

CHINA
PRC NATIONAL AFFAIRS

NI ZHIFU, HAO JIANXIU ATTEND READING WORKSHOP

OW250408 Beijing XINHUA Domestic Service in Chinese 1442 GMT 24 Jun 84

[By reporter Wu Jincai]

[Excerpts] Beijing, 24 Jun (XINHUA) -- The All-China Federation of Trade Unions held a meeting at the Great Hall of the People this afternoon to commend the activists emerging from the workers' book reading activity titled "Revitalizing China." A total of 203 reading activists were commended. They were elected by trade union organizations throughout China from among more than 11 million staff members and workers who had taken part in the reading activity.

Ni Zhifu, member of the CPC Central Committee Political Bureau and president of the All-China Federation of Trade Unions, and Hao Jianxiu, alternate member of the Secretariat of the CPC Central Committee, issued letters of commendation for the reading activists. The XINHUA Bookstore and some publishing houses presented books to the activists.

Before the end of the meeting, Ni Zhifu made a warm speech. He said: Within a year or so the workers' reading activities have developed into a situation of more than 11 million people reading and an upsurge in seeking knowledge. This shows the working class of the new generation is hardworking and promising and that Chinese workers have not only the awareness of being the master of a socialist country but also the ability to construct the four modernizations. Workers who study assiduously and study for the purpose of application are locomotives which spur on reading and the seeking of knowledge. He called on all staff members and workers in China to take part in the reading activity in a still more widespread and penetrating way, try to apply their knowledge to urban economic reform, the open-door policy, the new technological revolution and the new situation and new task of economic construction, he called on them to seek knowledge, understand hows and why, acquire a correct outlook on life, master the capacity and skills for the construction of modernization, and make new achievements for the construction of socialist material and spiritual civilizations.

WANG ZHEN, GU MU VISIT GUANGZHOU MEMORIAL HALL

OW111020 Beijing XINHUA Domestic Service in Chinese 1442 GMT 10 Jun 84

[By reporter Chen Bingguang]

[Text] Guangzhou, 10 Jun (XINHUA) -- The Liao Chengzhi and He Xiangni Memorial Hall was officially opened to the public this morning. Many items revealing Liao Chengzhi's revolutionary deeds have been added for display. The Liao Chengzhi and He Xiangni Memorial Hall is located at the Zhongkai Agricultural School on the southern bank of the Zhu Jiang in Guangzhou City. More than 200 newly added display items and pictures represent the brilliant achievements Liao Chengzhi made during his lifetime for the promotion of the motherland's reunification as well as for the strengthening of friendly relations with the peoples of various countries in the world. Wang Zhen, Gu Mu and other responsible persons from the relevant departments of the central authorities as well as party and government leaders from the Guangdong Province visited the memorial hall this morning.

HEILONGJIANG APPROVES PERSONNEL REFORM DOCUMENT

SK220531 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 21 Jun 84

[Text] On 21 June the provincial CPC Committee and government approved and transmitted, throughout the province, a document on the 10 provisional measures for reforming the cadre management system and personnel system and for transferring personnel power to lower levels formulated by the Organization Department of the provincial CPC Committee and the provincial Personnel Supervisory Bureau. The document fully affirms the orientation and significance of the measures and states that they are an achievement of the provincial organs in their efforts to correct mistakes while conducting party rectification.

The major points of the measures are as follows: In the principle of taking charge of less personnel work but making it lively and successful, the system of managing cadres by departments of the same trades at higher levels should be changed into one under which cadres are managed by departments at one immediate higher level, instead of two higher levels. Enterprise directors, deputy directors, and managers and directors of scientific research units should serve fixed terms. Directors should be appointed by higher authoritative departments after evaluation; deputy directors should be nominated by directors and approved by higher authoritative departments after evaluation. Middle-rank cadres in charge of administrative work should be appointed or removed by directors or managers. The demarcation line between cadres and workers within an enterprise should be eliminated; so should the life tenure of cadres. Workers assuming cadre posts should be treated in the same manner as the cadres of the same level. Cadres assuming worker posts should be treated as workers with their status as cadres unchanged. Enterprises may hire technical cadres from other areas and those who are hired can assume their work after being examined and approved by the corresponding personnel departments. Relevant enterprises may make direct contact in handling employment. As long as the procedures are completed, those who are employed may transfer their domiciles to where they are employed no matter whether they come from the same province or other provinces. When transferring cadres between towns of the same city, relevant departments may hold direct discussions and handle the transfer. Enterprises have the power to decide the setup and size of their units as long as they do not exceed the fixed quotas given by the authoritative departments; departments at higher levels should not intervene in this matter. The job assignments of graduates of schools of higher learning should be carried out by the schools, which should examine and decide on the namelists of those to be assigned and make arrangements for their assumption of the jobs in line with the provincial assignment plans and relevant policies on the job assignments of graduates. Vacancies of town and township cadres and city neighborhood cadres should be filled with available cadres. If there are difficulties transferring available cadres, cadres may be selected and employed on a contract basis. State organs and establishments may select and use top-notch people who become competent through independent study from state, collective, and individual units, from among idle persons, or rural areas. Those who are employed as cadres are treated as cadres. The demarcation line between the cadre management of state units and that of collective units should be eliminated and cadres of state units should be encouraged to work at collective units. Professional and technical cadres whose work is not of their specialities may be transferred to other enterprises to assume the work of their field with their original status unchanged. Personnel departments at all levels should treat cadres of collective enterprises the same way as they do cadres of state enterprises and regard the management of the cadres of collective enterprises as their routine work.

HEILONGJIANG REFORMS SUPPLY, MARKETING SYSTEM

SK220741 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 21 Jun 84

[Text] The provincial meeting of directors of various prefectural, city, county supply and marketing cooperatives, which was concluded on 21 June, decided to accelerate the reform of the system of supply and marketing cooperatives in the province in order to meet the needs of rural economic reform. The province's reform of the system of supply and marketing cooperatives had begun earlier but has proceeded slower than in other places in our country. At present the reform has not yet been combined with the peasants' economic profits, thus it lacks a solid foundation. At the same time supply and marketing cooperatives have not yet become the cooperative commercial departments of peasants and collectives.

The meeting pointed out: To accelerate the reform of the supply and marketing cooperatives system, we must first lift the restrictions on peasants in buying shares, encourage peasants to become shareholders, and implement the system of ensuring dividends to share holders before taxes and distributing profits after taxes. This year, with counties as the basic units, money paid for shares should make up 30 percent of the total working capital of a grassroots supply and marketing cooperative.

Second, we should further strengthen democratic management. Cadres of a supply and marketing cooperative should be elected democratically in order to make peasants become the master of the supply and marketing cooperative.

Third, supply and marketing cooperatives should break with the existing economic and service limits and should not be restricted by a certain trade, region, or department. Supply and marketing cooperatives should deal in whatever the peasants need and provide all of the services needed by the peasants in order to serve as a comprehensive rural economic service center.

Fourth, supply and marketing cooperatives should be owned and managed by collectives, rather than by the state. In terms of wages and bonuses, the floating system without maximums or minimums should be implemented. At the same time, the system of giving bonuses according to one's work should be implemented. In employing workers, the contract system should be applied. By so doing, we can build supply and marketing cooperatives into real cooperative commercial departments owned by peasants and collectives.

JILIN CPC MEETING VIEWS PRINCIPLES OF RECTIFICATION

SK220335 Changchun Jilin Provincial Service in Mandarin 1030 GMT 21 Jun 84

[Text] The guiding group in charge of party rectification under the Jilin Provincial CPC Committee held a meeting to hear the reports given by the units that have been assigned to the second stage of the party rectification drive in regard to their experiences gained in the pilot work of party rectification. The meeting, which concluded today, urged units that had taken up the pilot work in the province to study, with high standards, the party rectification documents, to earnestly implement the guiding ideology of enabling the party rectification drive to promote economic construction and work transformations, and to uphold the principle of conducting transformations in the course of party rectification in order to secure the overall fulfillment of the party rectification task.

At the meeting seven units, including the subordinate organs of the Liuhe County CPC Committee, the Siping City Machine Construction Bureau, and the Liaoyuan City Industrial and Commercial Administrative Bureau, delivered reports on their experiences gained in the pilot work of party rectification, which can be summarized in the following four principles: 1) In studying the party rectification documents, units should proceed from the actual situation prevailing among their party members and should concentrate on upgrading their ideological consciousness of them; 2) it is necessary to implement the guiding ideology to enable the party rectification drive to promote economic construction that can test the results scored in the drive, and lead party members to be vanguards in the drive of conducting transformations. 3) efforts should be made to conduct transformations in the course of party rectification by grasping major problems in order to expose contradictions; 4) leading bodies and leading party-member cadres should set examples in conducting transformations in the course of party rectification.

In concluding the meeting Wang Xianjin, Standing Committee member of the provincial CPC Committee and director of the office in charge of party rectification work under the provincial CPC Committee, delivered a speech in which he fully acknowledged the experience gained by the seven units in their pilot work of party rectification. Meanwhile, he urged units at all levels throughout the province, which had taken up the pilot work, to make all-out efforts to study the party rectification documents, understand in depth the essence of the documents' spirit, and lay a good foundation in fulfilling the party rectification task in an overall way. By studying the party rectification documents, efforts should be made to continuously eliminate the leftist vestiges and erroneous ideas of being satisfied with the existing state of affairs and of sticking to old ways in order to realistically accelerate the pace of conducting transformations in each unit and department. All units should be determined to do a good job in dealing with the bureaucratic problems of seeking personal gain by taking advantage of one's power and not being responsible to the party or the people. Meanwhile, he also urged various localities to strengthen their leadership over the pilot work of party rectification and give full scope to the role of liaison groups.

Attending the meeting were responsible persons from the offices in charge of party rectification under various prefectural and city CPC committees and from the liaison groups of the units that had taken up the pilot work of party rectification.

LIAONING HOLDS CONFERENCE ON DALIAN ECONOMIC ZONE

SK120422 Shenyang Liaoning Provincial Service in Mandarin 1010 GMT 11 Jun 84

[Text] After a 3-day session, a conference on the Dalian economic and technological development zone, jointly established by the three provinces in northeast China and the eastern part of Nei Monggol Autonomous Region, ended in Dalian on 10 June. That morning leading comrades, including Li Desheng, member of the Political Bureau of the CPC Central Committee and commander of the Shenyang Military District; Guo Feng, first secretary of the Liaoning Provincial CPC Committee; Dai Suli, secretary of the provincial CPC Committee; and Quan Shuren, governor of the province, made a special trip to Dalian from Shenyang to visit the construction site of the first stage of the project and delivered speeches at the conference.

In his speech Comrade Guo Feng pointed out: The establishment of the Dalian economic and technological development zone is a task not only for Liaoning Province but also for all of northeast China and the entire country. Dalian, as a window of northeast China, must serve the entire northeast. We must give equal considerations to planning, technology import, communications, transportation, and economic development in the northeastern areas. We should rely on the rich and extensive economic force and material base of northeast China to accelerate the pace of our development and promote the speed of economic development in the northeast.

In his speech Comrade Li Desheng urged northeast China to do its best to offer more talent, strength, and technology in cooperatively establishing the Dalian economic and technological development zone.

The conference was jointly sponsored by the provincial and Dalian City governments. Among those invited to the conference were leading comrades of Heilongjiang, Jilin, Nei Monggol Region; the Shenyang Military District; Army, Navy, and Air Force units stationed in Dalian; relevant departments under the CPC Central Committee and the State Council, and some enterprises. Through consultations the conference preliminarily presented items for integrated development over a period of decades, including electronic precision machinery and food processing. The China International Credit Investment Company, the (Huarun) Company, and the (Guangda) Industrial Company also expressed their desire to help strengthen contacts with foreign countries and help the development zone collect funds.

LIAONING'S GUO FENG STRESSES REFORM AT MEETING

HK250908 Beijing RENMIN RIBAO in Chinese 22 Jun 84 p 4

[Report by reporter Wang Fujie: "Speaking at Enlarged Meeting of Liaoning Provincial CPC Committee Standing Committee, Guo Feng Says That Creatively Carrying Out the Central Instructions Is a Major Expression of Maintaining Ideological and Political Unity With the Central Authorities"]

[Text] What should be done when the reform measures undertaken by the lower level are in contradiction with the specific regulations issued by the upper level? Liaoning Provincial CPC Committee First Secretary Guo Feng proposed three methods when speaking at a recent enlarged meeting of the provincial CPC Committee Standing Committee: 1) Proceed from the fundamental realities in carrying out the upper level's regulations in a flexible way; 2) first organize pilot projects, and carry on with the reform if the experiment is successful; otherwise, try something else; and 3) the upper-level leadership should act as a good protector of the lower levels when problems of various types crop up in the reforms. Guo Feng said that creatively carrying out the central instructions is a major expression of maintaining ideological and political unity with the central authorities.

He said: We should be further emancipated from the bindings of "leftist" ideology and the concept of small production, and be bold in getting rid of all old concepts, conventions, and ways that do not meet the demands of the time and do not suit the new situation and tasks. We must be bold in probing all good ways and experiences that meet the demands of the new situation and tasks.

Guo Feng stated that the ideological obstacles to urban economic reform are not simply the "leftist" influences; they are also expressed in the attitude of the specific departments toward the central policies and principles. The comrades of certain departments just go by the book instead of acting according to realities. They set responsibility to the upper level against responsibility to the lower level, and responsibility to the state against responsibility to the people. They mechanically copy and follow the rules and conventions of the upper levels without studying the new situation and problems. They even make a fetish of the words of a certain leader in a certain upper-level department and hold that it is imperative to act accordingly. How can they carry out reforms then? He said that grassroots work departments must resolutely maintain unity with the central authorities, but this "unity" is unity on the foundation of upholding the four basic principles, and in implementing the line, principles, and policies laid down by the 3d Plenary Session of the 11th CPC Central Committee, accomplishing the party's general tasks and goals, and similar fundamental respects. Maintaining unity with the central authorities does not mean relentlessly sticking to every upper-level regulation and convention, thus tying our hands and feet in our work.

Guo Feng severely criticized the erroneous methods of the departments concerned in Liaoning in overturning reform measures already decided on, and proposing afresh to tie up and restrict reforms on the pretext that "they do not accord with the intentions of the upper levels." He hoped that the leading cadres at all levels would do well in study. So long as a reform helps to build socialism with Chinese characteristics, to enrich and strengthen the state, and to enable the people to get rich as soon as possible, they should act with boldness, stand in the forefront of reform, and act as its promoters.

The leading cadres of prefectural and city CPC committees and of provincial departments, committees, and bureaus who attended this meeting held lively discussions on Comrade Guo Feng's speech, and initially clarified the following points:

1. Reform is itself a kind of exploration in the new situation. If people lack boldness, dare not engage in pioneering and creating, dare not take responsibility, and are unwilling to take a bold step forward, than there can be no reforms to speak of, and creating a new situation in work will just be empty talk.
2. Many of the central principles and policies have been formulated in light of the actual conditions in the lower levels and have only been affirmed as correct after repeated verification in practice. We should allow experiments in reform. Even if certain defects arise, it does not matter. People should be allowed to make mistakes in carrying out reforms and to correct the mistakes and go on continuing to explore, but they are not allowed to refuse to carry out reforms. A little mistake can be corrected, but if no reforms are undertaken and people spend their days relying on the existing rules and conventions, it is impossible to make progress and there are no prospects; that means making a great mistake.
3. Right now the urban workers, staff members, cadres, and intellectuals all have the feeling of hoping that reforms can be carried out a bit faster. The cries for "untying the ropes" are very loud. It is necessary to use this good opportunity to vigorously blow the wind of reform. We must not delay and procrastinate or always wait for the upper levels to move; we must engage in both practice and reform, first carrying out reforms on a small scale, and popularize them when they prove successful.

STATEMENT ISSUED ON UMELOCO MEMBERS BEIJING TRIP

HK260042 Hong Kong SOUTH CHINA MORNING POST in English 26 Jun 84 p 18

[Full text" of statement read by Sir Sze-yuen Chung, senior Unofficial member of the Executive Council, at 25 June news conference on his return from Beijing with two other Unofficial Members of the Executive and Legislative Council [Umelco] members, Lydia Dunn and Q. W. Lee]

[Text] Since our visit to London, we have received a large number of comments and representations from members of the public and organizations, many of them urging us to make a similar visit to Peking to reflect their anxieties to the Chinese leadership. We in Umelco have been considering for some time that such a visit should be made, given that the Chinese Government is the other party involved in the negotiations about the future of Hong Kong. We, therefore, decided to accept an invitation from Mr Xu Jiatun, director of the Hong Kong branch of the NEW CHINA NEWS AGENCY, for Miss Lydia Dunn, Mr Q. W. Lee and myself to visit Peking from June 21 to 25 for an exchange of views with Chairman Deng and other senior Chinese leaders.

During our stay in Peking, we had a meeting with Chairman Deng Xiaoping, two dinner meetings with Mr Ji Pengfei, a State Council and director of the Hong Kong and Macao Affairs Bureau, and his senior colleagues, two separate meetings with Mr Lu Ping, the secretary-general of the bureau, and a member of the Chinese negotiating team.

We presented our views and some specific suggestions to Chairman Deng and other Chinese leaders in a Speaking Note.

The full text of our Speaking Note, in Chinese and English, is in your press kit. The Chinese version was personally handed to Chairman Deng by me at the end of the meeting. I should just like to emphasise that the official version of the Speaking Note is in Chinese, and the English version is a translation.

Briefly, our presentation to Chinese leaders consisted of a preamble and two parts. In the preamble, we state that we support China's recovery of the sovereignty of Hong Kong in 1997, making Hong Kong a Special Administrative Region, with a high degree of Autonomy; administered by local Hong Kong people; with the existing systems remaining unchanged for 50 years.

The first part deals with the state of confidence and the anxieties of the people of Hong Kong towards their future, both before and after 1997. The second part contains three main recommendations which we believe would help to give confidence to the people to Hong Kong and therefore maintain stability and prosperity in Hong Kong. These three recommendations are based on the first three of the four suggestions in the Umelco statement of May 9, 1984, expanded more specifically.

It is our belief that there is a better chance of prosperity and stability being maintained in the 50 years after 1997 if prosperity and stability are maintained in the next 13 years. Similarly, only if people have confidence in the arrangements after 1997 can prosperity and stability in the 13 years before 1997 be maintained.

At present, people are worried that in order to reach an early accord, the Governments of China and Britain may come to an agreement that would not be sufficiently detailed and binding to command confidence. They are also worried that prosperity and stability may be threatened by the jostling for power in the next 13 years.

I. 26 Jun 84

W 2

CHINA

HONG KONG MEDIA ON CHINA

As regards the period after 1997, people are worried that the high degree of autonomy may not in fact mean Hong Kong people administering Hong Kong, because the people administering the future government of Hong Kong may be controlled by Peking, and that the Chinese officials responsible for implementing China's policy for Hong Kong may interfere in the local administration. Furthermore, people are worried that the one-country-two-systems concept may not last because future Chinese leaders may revert to "extreme-left" policies.

In our statement on May 9, we made four suggestions. We elaborated on the first three of these four suggestions. We did not make reference to the fourth about the rights of British nationals because we were primarily concerned, on this occasion, with the issues concerning the overall interests of Hong Kong rather than sectional issues.

Our three main recommendations were that, first, the agreement between the two governments must be detailed and binding and that it should contain a provision stipulating that the Basic Law will be based on the terms of the agreement.

Second, the Basic Law should be drafted here in Hong Kong by representatives of Hong Kong people and representatives from Peking.

Third, a committee consisting of Chinese people of international standing and reputation should be appointed by China with the responsibility of monitoring or advising the drafting and implementation of, and any subsequent amendments to, the Basic Law.

Our meeting with Chairman Deng focused on the state of confidence in Hong Kong. Chairman Deng did not believe that the views and anxieties we described were really the current state of confidence in Hong Kong. He believed that there was no lack of confidence in Hong Kong.

He said that the one-country-two-systems concept was a novel one and designed specially to take account of Hong Kong's circumstances. He was confident that this new concept would work and would provide a precedent to resolve world problems, such as the unification of North and South Korea, and East and West Germany.

He said that the Chinese Government had decided the direction, position, and policies on Hong Kong's future and these were firm and unchangeable. The direction, position, and policies were in the interests of the five million residents in Hong Kong, irrespective of whether the people understood them.

He said that he had heard many opposing views but he would not accept that these opposing views were in the interests of Hong Kong people.

He said that other than the right to send troops and the procedural right to appoint senior civil servants after they have been somehow selected by the people here, the Chinese central Government will not send officials from Peking to run Hong Kong and that this policy would not change.

He assured us that the agreement between China and Britain would be to the benefit of China, Britain, and the people of Hong Kong.

As to our specific recommendations, he asked Mr Ji Pengfei and his senior colleagues to discuss them with us. During the working dinner with Mr Ji Pengfei, we continued the discussions started in the morning with Chairman Deng. We concentrated on our three main suggestions. Mr Ji said that the agreement now being discussed will be as detailed as possible. There may be areas where it may not be adviseable or feasible to be too specific. In such areas, the Chinese Government will explain the reasons to the people of Hong Kong after the publication of the agreement.

He agreed and confirmed that the agreement will be binding. He also agreed that there will be a provision in the agreement stating that the Basic Law will reflect the terms of the agreement.

On the drafting of the Basic Law in Hong Kong by a drafting committee consisting of people from Hong Kong and Peking, he said that this could be considered at the appropriate time, possibly after the signing of the agreement.

Finally, on our recommendation for a committee consisting of Chinese people of international standing and reputation for the purpose of monitoring or advising the drafting and the implementation of the Basic Law, and any subsequent amendments to the Basic Law, he also said that this too can be considered when the drafting of the Basic Law commences.

To sum up, we went to Peking with the object of reflecting the views, wishes and anxieties of the people of Hong Kong. This we have done truthfully and faithfully. We do not think we have convinced the Chinese leaders that there is a confidence problem in Hong Kong. We made some specific suggestions to help to allay the anxieties of the people of Hong Kong in order to maintain stability and prosperity. One of our recommendations was accepted and the Chinese leaders said that they are willing to consider the other two.

We and all our colleagues in Umelco will continue to do our part in helping to seek a solution to our future which will maintain prosperity and stability, will allow the present freedoms and lifestyle to continue and will give lasting confidence to the people of Hong Kong.

UMELCO MEMBERS 'SPEAKING NOTE' RELEASED

HK260055 Hong Kong SOUTH CHINA MORNING POST in English 26 Jun 84 p 18

[The following is the translation of the full text of a Chinese Speaking Note made by Sir Sze-yuen Chung, Miss Lydia Dunn and Mr Q.W. Lee during their meetings with Mr Deng Xiaoping and Mr Ji Pengfei in Peking on Saturday]

[Text] We are honoured to have the opportunity during our visit to Peking to meet with Chairman Deng Xiaoping and other Chinese leaders to have an exchange of views about the future of Hong Kong. Beijing Chinese, we support the recovery of the sovereignty of Hong Kong and China's reunification plan, especially since China has formally announced that after 1997, Hong Kong will become a Special Administrative Region having a high degree of autonomy and administered by local people; and that the existing systems will remain unchanged for 50 years.

The British Foreign Secretary, Sir Geoffrey Howe, announced on April 20, 1984 that Britain will return the sovereignty of Hong Kong to China in 1997. This has helped to clarify the future of Hong Kong. However, it has not helped to boost the confidence of the people of Hong Kong.

People remain anxious and worried and they are filled with uncertainties. This anxiety is not limited to those with money. They affect workers and ordinary citizens alike. This is a fact and we feel it our duty to reflect this situation honestly.

The current worries of the people of Hong Kong concern the period before 1997 and that after 1997. As regards the period before 1997, most people believe that only if prosperity and stability are maintained in the next 13 years can there be any hope that prosperity and stability would continue for 50 years after 1997.

People are worried that in order to reach an early accord, the Governments of China and Britain may come to an agreement which will be lacking in detail and (will be) meaningless. This would lead to a loss of confidence, and exodus of professional and talented people, an outflow of capital, a lack of investment; resulting in economic recession in Hong Kong. Furthermore, people are worried that the jostling for power in the next 13 years may threaten the stability and prosperity of Hong Kong, forcing China to interfere or take over Hong Kong before 1997.

As regards the period after 1997, most people similarly believe that if there is no confidence in the arrangements after 1997, it would not be possible to maintain prosperity and stability in the 13 years before 1997.

In particular, there are three main worries about post-1997 arrangements:

First, people are worried that instead of genuinely being administered by the people of Hong Kong, the future government of Hong Kong would actually be administered from Peking.

Although China may not send any cadres to Hong Kong, the people administering Hong Kong in the future government of Hong Kong may in fact be controlled by Peking.

Second, people fear that the middle and lower level cadres who are responsible for the implementation of China's policy over Hong Kong may not be able to accept the capitalist systems and lifestyle of Hong Kong. They may not implement the policy of the central Government of China and they may interfere in the local administration.

Third, while people have faith in Chairman Deng and the present leadership, people are concerned that the future policy of China may change and that future leaders may revert to "extreme left" policies. They may not recognise the "one-country-two-systems" policy and renege on the promise that the existing systems in Hong Kong will remain unchanged for 50 years.

As we are Unofficial Members of the Hong Kong Executive and Legislative Councils, the people of Hong Kong have high expectations about our meetings with Chairman Deng and other Chinese leaders in Peking.

We are conscious of our responsibility. We are concerned with the overall interest of Hong Kong so that it would continue to remain prosperous and stable. We will not, therefore, raise for discussion on this occasion, individual sectional issues such as land ownership and dual nationality, vital though they are. Our proposals are also not made for our own personal interests.

We have carefully studied the views expressed by all classes of Hong Kong society in the last 10 months. We have thought through what would be necessary to maintain the prosperity and stability of Hong Kong before and after 1997, under the principle of the sovereignty of Hong Kong being returned to China in 1997. We will express our views frankly and honestly.

We have three main recommendations:

(1) To maintain prosperity, confidence must be maintained. In order to maintain confidence, the agreement between the two Governments of China and Britain must be found acceptable by the people of Hong Kong (especially by investors and professionals).

The reaction to, and the success or failure of, the agreement really depends on its acceptability to the people of Hong Kong.

For the people to accept the agreement, the agreement:

-- Must be very detailed; it must provide clear and precise definitions of all aspects of Hong Kong's existing systems.

-- Must be mutually binding as between the two signing countries of China and Britain.

-- Must contain a provision stipulating that the basic law of the Special Administrative Region of Hong Kong will be based on the terms in the agreement. This would prevent unnecessary arguments among the people of Hong Kong in future when the basic law is drafted.

In addition, such a provision in the agreement would help to give confidence throughout the period when the basic law is being drafted.

It is said that such a provision would be an interference into the internal affairs of China. We do not think that this argument has any validity. China has already made clear publicly its policies for Hong Kong after 1997. Such policies will also be stated in the agreement. A provision stating that the basic law would reflect the terms of the agreement is merely an extension of these stated policies.

(2) In order to enhance confidence, we believe that the basic law should be drafted in Hong Kong. It should be included in the Constitution of China after the approval by the Standing Committee of the Chinese National People's Congress (NPC).

It is appreciated that normally the drafting and approval of basic law of special administrative regions should be the responsibility of the Standing Committee of NPC because special administrative regions are established, where necessary, under Article 31 of the Constitution of China.

However, in view of the special circumstances of Hong Kong, the drafting of the basic law in Hong Kong would help to enhance confidence, and at the same time the expertise and talents of the Hong Kong people can be made use of.

We believe, therefore, that the basic law should be drafted in Hong Kong by the people of Hong Kong together with representatives from Peking for the approval of the Standing Committee of NPC. The Standing Committee can, of course, make amendments to the draft. The authority of the NPC would not, therefore, be violated by this proposal.

In addition, to give confidence even further that there would be no changes in the 50 years after 1997, it should be stipulated in the basic law that, following the precedent of Macao's basic law under Portugal, any future amendments to the basic law can only be initiated by Hong Kong.

(3) Perhaps we can best illustrate the worry of the Hong Kong people by an analogy. A small town is about to be resettled in a place where flooding has occurred about once every 10 years in the last 30 years. In order to give confidence to the people being resettled there that their livelihood would not be threatened by flooding in the new place of residence the residents ask that a floodprotection dam should be built.

If the Chinese leaders understand the anxiety of the people of Hong Kong and would agree to the establishment of an insulating mechanism, like a dam, between Hong Kong and China, confidence in Hong Kong would be greatly increased.

We, therefore, propose the establishment of a committee consisting of Chinese people of international standing and reputation. This committee will be appointed by the Government of China. Their responsibility would be to monitor or advise the drafting, and implementation of, and subsequent amendments, if any, to the basic law.

The above recommendations, if accepted and adopted by the Government of China, will, in our opinion, greatly help to give confidence to the people of Hong Kong, upon which the prosperity and stability of Hong Kong depend.

We hope that they would be seriously considered by Chairman Deng Xiaoping and other Chinese leaders.

PAPER REPORTS REACTIONS TO UMELOCO STATEMENT

HK260210 Hong Kong SOUTH CHINA MORNING POST in English 26 Jun 84 pp 1, 16

[Text] Support came from various commentators yesterday for Sir Sze-yuen Chung's call for a detailed Sino-British agreement during his encounter with Mr Deng Xiaoping. And it was generally agreed that there is a "confidence crisis" among Hong Kong people -- something which Mr Deng refused to accept, according to the senior Unofficial member of the Executive Council.

Some commentators attributed this communications gap to the image of the Umelco members as being pro-UK or official voices of the Hong Kong Government.

A member of the Chinese People's Political Consultative Conference, Mr Ho Sai-chu, personally agreed that the agreement should be detailed and binding. He said he did not know details of the Umelco trio's discussions with Chinese leaders, but added:

"Based on their statement, my view is that it should be detailed, which was accepted by Mr Ji Pengfei."

But he was quick to add that some issues, such as laws, could not be as detailed as desired in the accord. As regards the confidence crisis, he said this depended on different interpretations. "It is not necessary a crisis. Mr Deng could mean that it does not exist any longer," he said.

Assurances by Chinese leaders, including the 50-year "no change" pledge, a highly autonomous region and a continued capitalist system, are good indications that Peking is aware of Hong Kong people's anxieties, he said. "I feel that they pay a lot of attention to the confidence problem, or else they would not have suggested all these."

The suggestion for the basic law, he said, also indirectly reflected the knowledge of Chinese leaders about this confidence problem. He wished the Umelco trio had gone to China much earlier, and was doubtful whether the confidence issue should be brought up now.

Mr John Walden, called on all Hong Kong people to speak out with one voice -- in the form of a coalition -- loud enough to be heard and accepted by Mr Deng. "There is no other course of action for the people of Hong Kong but to bind themselves together now and articulate their views -- otherwise the agreement will be a vague one.

"The more they get their opinions heard, the greater chance they have of a detailed agreement," said Mr Walden.

"Surely there is a confidence crisis in Hong Kong," he said, and this could only be expressed by some kind of coalition. But he stressed that such a body must not be initiated by the Hong Kong Government, as he believed China would reject anything they considered to be "official."

Mr Walden said a detailed agreement should include items such as all the kinds of freedoms that Hong Kong people had been asking for, in addition to "a dozen" other frequently heard requests concerning the maintenance of the status quo.

A political commentator, Mr T.L. Tsim, supported the idea of a more comprehensive agreement, which should be as detailed as possible. The agreement should be able to incorporate the requests of the majority of the people of Hong Kong, he said. It should include items such as freedom of the press, religion and travel, an independent judiciary, and a free Hong Kong currency.

Mr Tsim mentioned some phenomena in Hong Kong which he said reflected a crisis of confidence: the number of emigrants and applications for emigration, the rapid growth of foreign currency deposits, the weak Hong Kong dollar, a negative re-investment growth, and the sluggish sale of flats despite a price drop of almost 40 percent.

Mr Deng did not believe what the Umelco trio said about a crisis of confidence because he perceived them as "pro-UK" voices, said Mr Tsim. Mr Tsim believed the only way to convince Mr Deng would be for Hong Kong people to take some destructive action in unison, such as a massive migration, but he added that it was something they would be reluctant to do. He cautioned that "things will take their natural course" and warned that it might be too late when symptoms surfaced.

Mr Tsim hoped the message might sink into the minds of the Chinese leadership through repeated messages by different local groups, and longer-term observations.

The secretary-general of the Chinese Manufacturers' Association, Mr J.P. Lee, said a "well-defined and detailed" agreement was desirable. The agreement should contain broad principles, as well as other terms describing how those principles should be realised. But Mr Lee said he was confused and found it "conflicting" to learn that Sir Sze-yuen claimed that he could not convince Mr Deng about the confidence crisis. Mr Lee said Sir Sze-yuen's remarks apparently contradicted earlier reports, that Mr Deng said he understood the existence of a confidence problem during a meeting with Hong Kong's three leading business groups. Mr Lee said a confidence crisis had been clearly reflected from many newspaper reports.

The vice-chairman of the Hong Kong Belongers, Mr Sze Chusian, who had earlier called for Sir Sze-yuen to withdraw from the Umelco team for allegedly poor leadership, said yesterday he generally agreed with what Sir Sze-yuen told the Chinese about the worries and anxieties here. He agreed that there should be a detailed agreement and that there was a confidence crisis, but added: "That is nothing new."

A spokesman for Meeting Point, Mr Yeung Sum, took a different view from other commentators, saying he preferred a "not so detailed" agreement. He said this would allow more autonomy for the future government while taking into account the question of feasibility -- as no one could predict the future. But he disagreed that terms specifying freedoms for Hong Kong people were "details." "To me, they are broad principles." Asked about the confidence crisis, Mr Yeung said it depended how the term was defined, but he believed confidence among the people of Hong Kong had been growing in the past two years.

EDITORIAL VIEWS UMELCO MEMBERS BEIJING TRIP

HK260312 Hong Kong SOUTH CHINA MORNING POST in English 26 Jun 84 p 2

[Editorial: "Public Reactions Needed Now"]

[Text] The press conference given by Hong Kong's returning Unofficials yesterday left one clear impression: Unless people at every level speak their minds freely in the few months left before Britain and China complete their agreement, our basic concerns will go by default. Many may indeed feel that it is already too late to try and disabuse Chinese Government leaders who have adopted an inflexible, blinkered attitude to local people's wishes. But it is worth a try.

For Mr Deng Xiaoping not to recognise the Unofficials, through their role in Umelco as people capable of accurately reflecting the views of Hong Kong's population is about as disingenuous as people here not recognising his ability to represent China. While there may have been periods in recent history when he was powerless and mute, he clearly speaks for the country today.

But it is not enough to pick and choose what he wants to hear. If he desires to acquire a Hong Kong capable of being useful to China after 1997, filled with contented, hard-working people, he has to recognise that there is a wide gulf between what he wants to believe and the truth.

Mr Deng need do no more than count the number of Hong Kong deputations from many walks of life visiting China in recent months. Why this sudden upsurge of interest? Not to visit the Great Wall, though that may well be a side-trip. It is to visit the Great Wall, though that may well be a side-trip. It is to visit the Great Hall of the People to talk to the senior officials on Hong Kong's future. They would not be doing this unless there was reason. That reason is 1997 and because they are worried that the various promises made up to now will not measure up to expectations.

Nor can they be blamed. As exiles from a country where policy was interpreted at the whim of whoever held the reins of office, they voted with their feet. And while Mr Deng has been widely hailed as a "liberal" and dependable influence, his unwillingness to heed any but his own preconceived notions in contradiction to the obvious, must make many doubt the effectiveness of promises given for the future.

For the Chinese leadership has shown that within its firm policy there is little if any room for flexibility regardless of how cogent the reason. And while it is a small comfort that two of the three specific proposals made by the Umelco three were not completely ruled out, there may be little chance of them being accepted.

The need for the basic law to be based on the terms of the Sino-British agreement (and enshrined in the Chinese Constitution) and to be monitored by an independent group of respected international Chinese observers surely is no derogation of Peking's authority but an attempt for rules to be formally adopted and to be overseen by an impartial umpire.

If Mr Deng is truly interested ensuring the viability of the notion of "one-country-two-systems," he needs to be seen to be providing credible rules and regulations that will stand the test of time -- as well as prove attractive to Taiwan. Surely these legal provisions would also be demanded by East and West Germany and North and South Korea, two other countries he mentioned where the same idea might one day be applied.

It is, of course, possible for concessions to be made in ways other than openly and explicitly. These could materialise in the course of the next few months as independent decisions taken by the Chinese Government, particularly if there is a strong and spontaneous manifestation of public opinion in Hong Kong. Even if a strong public reaction does materialise, many may feel there is little chance of it being heeded. Yet it is about the only hope we have.

Nor is it enough to publicise it here but it must be taken up to Peking throughout the summer months by visiting deputations. Somehow the Chinese leaders have to be convinced that promises must be backed by something more binding than public assurances. Legal safeguards are paramount. If our autonomy is to retain its credibility and to function effectively it must be inviolate to any changes. So far, Peking has not agreed to accept this basic premise. How can there be confidence in such a future? And what is the point of any test of public opinion on the final agreement if Peking will accept only one response?

END OF

FICHE

DATE FILMED

27 JUNE 1984

